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China Report

ECONOMIC AFFAIRS

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25 MARCH 1987

CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL AFFAIRS, POLICY

GUANGMING RIBAO ON DEEPENING ENTERPRISE REFORM

HK240615 Beijing GUANGMING RIBAO in Chinese 14 Feb 87 p 3

[Article by Zong Han [1350 1383]: "Deepening Reform in Enterprises"]

[Text] Abstract: Deepening reform in enterprises is a key task of the urban economic structural reform in 1987. The basic principle to be followed in the process of deepening reform in enterprises is that ownership of the means of production should be appropriately separated from power of operation, and that the decision-making power of enterprises in operation and management must be expanded. The deepening of reform in enterprises mainly includes the following three aspects: deepening the reform in the relations between enterprises and the state, and defining the economic responsibility of operators and owners, and their economic relations; deepening reform in the relations between enterprises to improve the operational mechanism of enterprises; and deepening reform in macroeconomic management to create an external environment beneficial to equal competition among enterprises, and to their healthy development. [end abstract]

A few years ago, while readjusting the relations between the state and enterprises on the one hand, and the relations between enterprises and their workers and staff members on the other, we put our emphasis on expanding the decision-making power of enterprises, and successively adopted measures such as enterprise funds, retention of profits, turning over profits, retaining part of the extra profits based on the contract system, replacement of profits by taxes to be implemented at two stages, and so on. Our enterprises have been invigorated to a certain extent. However, a great number of enterprises still feel that the amount of profits retained by them is small, and that the payment exacted by the higher authorities is still excessive. Since production costs have increased, and their burden has become heavier, they have encountered difficulties in technical reform. Their staying power is not strong enough. In the meantime, a fairly large number of enterprises have not yet developed their new inner operational mechanisms and management systems in accordance with the demands planned commodity economy. They are no good at correctly utilizing their rights, which have been expanded. They lack the capacity for self-restraint, and for regulating their conduct in accordance with the requirements of socialist economic law. The key reason for this situation is that the present system is not perfect. Therefore, efforts must continue to be made to grasp the central link of invigorating enterprises. This is the central task of the urban economic structural reform in 1987.

There are two possible methods to be followed to deepen reform in enterprises: one is to continue to reduce tax and the amount of profits turned over to the state. Under present conditions, in which the practice of "eating from the same big pot" prevails in the relations between enterprises and the state, the amount of tax paid by enterprises is enormous, and all profits made by enterprises must be turned over to the state, it is completely necessary to reduce tax and profits turned over to the state by enterprises. However, judging from the overall situation of the development of the national economy, the distribution of national income, as required by planned commodity economy, should be based on the proper handling of the relations between immediate and long-term interests on the one hand, between partial and overall interests on the other, and between the development of production and the improvement of people's livelihood. The capacity of the central finance ministry for reducing tax and profits turned over by enterprises to the state is limited. In the meantime, basically speaking, the measure of reducing tax and profits turned over to the state is not beneficial to arousing the enthusiasm of enterprises and to deepening the structural reform. The other possible method to be followed is the separation of the "two kinds of power," aimed at improving the operational mechanism of enterprises. While shifting our focus of attention to expanding the decision-making power of enterprises and arousing the enthusiasm of enterprises in the development of production, we should encourage enterprises to strengthen their capacity for self-reform, self-accumulation, and self-development, so that they can pay more tax, make more profits, and retain more profits in the course of expanded reproduction. This is the measure which must be adopted after the policy of reducing tax and profits turned over to the state by enterprises and expanding the power of enterprises has been implemented to a certain extent.

Deepening reform in enterprises covers the correlations and interactions involved in the three major issues of the deepening of reform in the relations between enterprises and the state, the deepening of reform in the relations between enterprises, and the deepening of reform in macroeconomic management.

To deepen reform in enterprises, the most important thing for us to do is to deepen the reform in the relations between enterprises and the state. The means of production of enterprises under ownership by the whole people belong to the state, whereas the power to use and operate the means of production belongs to enterprises. Under socialist conditions, ownership and operational power can properly be separated. However, the degree and method for this separation can vary. The key to giving full play to the superiority of the socialist public ownership system and to maximizing the vigor of enterprises without losing macroscopic control lies in devising a specific method for separating ownership from operational power. Generally speaking, the specific operational method for separating ownership from operational rights should enable us to define the economic responsibilities of operators and owners and their economic relations, and help us correctly handle the relations between the state, localities, and enterprises, so that under the prerequisite of performing stable and rational economic duties, operators can fully exercise their decision-making power in business operation and gain economic interests linked with their duties and the results of their management. In this way,

enterprises will feel pressure and the need to enhance their driving force and vigor. They will develop their capacity for self-accumulation and self-reform through the development of production.

There are more than 1 million enterprises in China. They differ a great deal in terms of scale, quality, level of business management, and their position and role in the national economy. Therefore, state-operated enterprises will adopt different specific methods for separating ownership from operational power. The methods adopted by collective enterprises will also be different from those of state-operated enterprises. In recent years, industrial and commercial enterprises in China have devised various kinds of methods for operation and administration. The contract responsibility system in operation is an operational method which deserves our attention. The strong points of this system are that explicit and stable relations between owners and operators can be ensured, and emphasis is placed on long-term economic results. Enterprises have greater decision-making power, and may have more room for maneuver. With the implementation of the contract responsibility system in operation, enterprises must turn over a fixed amount of tax and profits to the state. If enterprises are run well and make more profits, it is not necessary for them to turn over more tax and profits to the state, and they may thus retain more. If enterprises are poorly run, the amount of tax and profits which they should turn over to the state cannot be reduced. In this way, they can only earn less, or even suffer losses in business. They should pay the fixed amount to the state out of their own funds, or by reducing workers' wages. This will urge enterprises to arouse their enthusiasm in developing production, increasing accumulation, creating, gaining, and using more. This will also encourage enterprises to direct their eyes inward, and to pay attention to tapping their own potential. In the meantime, with the implementation of the contract responsibility system in operation, enterprises have full decision-making power. While making use of funds and carrying out production and operation, they are not allowed to pay attention to immediate interests alone. They must work out long-term plans, and take all factors into consideration. All this will enable enterprises to exercise control over their conduct to a large extent, so that they can satisfy the demands of macro-economic development. Furthermore, the contract responsibility system in operation will encourage enterprises to increase production and incomes. The newly increased assets of enterprises, resulting from profits retained by them, do not belong to the enterprises, but still belong to the state. This will be beneficial to consolidating and developing socialist economy and expanding public ownership. For a certain brief period, enterprises might retain more. But from a long-term point of view, the fact that enterprises retain and make more profits will be beneficial to increasing state revenues more rapidly.

Judging from experience, we know that we should proceed from reality in determining the conditions for implementing the contract responsibility system in operation. Since the conditions in various trades and services, as well as enterprises, are not the same, the quotas and contents covered by the contracts are also different. Any kind of contract responsibility system can also be subdivided in light of the actual conditions of enterprises. While implementing

the contract responsibility system, the relations between owners and operators involving responsibilities, power, and interests should be stabilized. The quotas involved should be rational and feasible. We should do our utmost to ensure that enterprises of the same kind have similar conditions for contracts, so that the responsibility, power, and interests of the operators will conform to their contribution to society. Only thus can we encourage the advanced and spur on the backward. The targets of contracts should be based on scientific analysis and assessment. Both the contracting parties should sign an official contract or agreement, which is protected by the law. Contracts should preferably cover a longer period of validity. With a longer period of validity, the enterprises concerned will have greater room for maneuver to develop themselves. Apart from considering the interests of the state, localities, enterprises, and workers, we should also take into account the interests of entrepreneurs and contractors.

With regard to those small enterprises which have been poorly run for a long time, or only earn meager profits, or even lose money in business, the leasing system is a better operational form for them. With regard to those enterprises which implement the leasing system, the degree of separation of their ownership of the means of production from their operational power should be greater than that for enterprises implementing the contract responsibility system in operation. During the leasing period, the enterprises concerned should carry out independent operation and assume sole responsibility for their own profits or losses. In the meantime, since leasing means that the contractors must take great risks, the results of their work are marked. Some enterprises lose money all year round. However, once they implement the leasing system, they show a change from losses to profits very rapidly. Although their external conditions do not change considerably, through invigorating the operational mechanism inside enterprises, the responsibility, power, and interests of the operators are ascertained. To do well in implementing the leasing system, we should select component lessees through inviting bids and employing other assessment methods. Leasing conditions should be fixed rationally, and abrogation of contracts shortly after their going into effect should be avoided. The relations between contractors and workers should be clarified to protect the interests of workers and staff members.

At present, some enterprises in China have implemented the operational responsibility system based on assets. Some integrated enterprises implement the joint-stock system on a trial basis. A very small number of small enterprises are sold to individuals. Some enterprises are turned over to collective ownership. In a word, separation of ownership from operational power and expanding the decision-making power of enterprises is a basic principle to be followed in deepening reform in enterprises. The purpose of reform is to truly turn enterprises into comparatively independent entities and into independent producers and operators which assume sole responsibility for their own profits or losses.

While deepening the relations between the state and enterprises, we should deepen the reform inside enterprises and further enhance the modernization level of the management of enterprises. The enterprise management level in our country is, generally speaking, still very backward, and great potential can be tapped in this regard. Without good leading bodies headed by factory directors; without the capability of producing marketable products which can compete on the market; without efficient facilities, technology, and talented personnel; and without an enterprise management system which integrates well responsibility, power, and interests, it is impossible to run enterprises well, whether they be big or small. It is impossible also to tap their great potential. Therefore, it is absolutely necessary for us to exert great efforts to deepen the reform inside enterprises, and a lot of work should be done in this regard. For example, how should we implement the factory director responsibility system, and establish and improve the leadership system in enterprises? How should we strengthen democratic management and give play to the role of laborers as masters of their own affairs? How should we implement the principle of from each according to his ability, to each according to his work? How should we establish a series of scientific, applicable, highly effective, and Chinese-style socialist enterprise management systems? How should large enterprises divide themselves into small accounting units, and carry out level-to-level administration in order to arouse the enthusiasm of units and departments at all levels? How should small enterprises streamline their administrative structure in order to increase their inner strength? How should enterprises of all kinds satisfy the demands of planned commodity economy, and turn their task from being purely one of production into being one of exploration and development? How should enterprises strengthen their political and ideological education for workers and staff members, and enhance their cultural and technical quality? These are problems which should be urgently solved.

Reform in enterprises is inseparable from the macroeconomic structural reform. Deepening reform in enterprises is bound to relate to macroeconomic management and regulation. The more enterprises are invigorated, the more macroscopic management, regulation, and balancing are needed. Regulating means such as pricing, markets, loans, finance, tax, and legal system, and so on should keep in line with them. Therefore, with the improvement of macroscopic management, we should gradually create an external environment beneficial to equal competition among enterprises and to their healthy growth. This is the third major issue which we are bound to encounter in deepening reform in enterprises.

It should be pointed out that macroeconomic management and balancing is the task of the superstructure, and that it is also directly connected with each and every enterprise and department. For example, the basis of product price is production costs. Only by lowering production costs and the consumption of materialized labor and animate labor, enhancing labor productivity, increasing production, reducing demand resulting from excessive expansion, and roughly maintaining a balance between supply and demand for products can we stabilize and lower prices of goods and ensure a reliable material foundation for a rational pricing structure. Market structure, money supply, amount and

structure of loans and tax, and so on are all connected with enterprises. In the final analysis, the purpose in deepening reform in enterprises is to arouse the enthusiasm of enterprises and workers and to promote a faster, more coordinated, and healthier development of the productive forces. Only when enterprises are thriving and making more contributions to society can the balance and coordination of the macroeconomy be placed on a reliable basis.

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CSO: 4006/374

NATIONAL AFFAIRS, POLICY

BAN YUE TAN ON ENTERPRISE OWNERSHIP, MANAGEMENT

HK170639 Beijing BAN YUE TAN in Chinese No. 2, 25 Jan 87 pp 8-11

[Article by Zhao Huazhou [6392 4378 5153]: "Ownership Should Be Separated from Management"]

[Text] Invigorating the enterprises, especially large and medium-sized enterprises, is the central task for this year's economic structure reform. To this end, it is necessary to make efforts to separate ownership from management.

As early as 1984 the question of invigorating the enterprises had already been put forward as a central link of economic structure reform. Over the past 2 years or so, the state has adopted many measures on this, including sharing less profits with and giving more power to the enterprises, and reforming the enterprises' leadership system. We should say that they have played certain roles in invigorating enterprises, but still there have been no breakthroughs. Of course there are many reasons, but the main reason is that the problem of enterprise management mechanism has been neglected. In other words, ownership and management of enterprises have not been separated, which is reflected by the fact that an enterprise owner does not have sufficient management power. Because of this, although the state has shared less profits with the enterprises and has given the latter more decision-making power and the plant direct responsibility system has been implemented, some departments in charge can still use the defect that ownership is not separated from management to interfere in enterprise affairs in a disguised form. As a result, enterprises still do not have due vitality and vigor.

If ownership and management are separated, the above-mentioned phenomena can all be prevented and enterprises can be further invigorated.

The contracted responsibility system with payment linked to output, which has been carried out in the countryside has, in reality, separated the ownership of land from management. Since the peasants have become relatively independent commodity producers, great achievements have been made in our agricultural production in as short a time as a few years. In the cities, some small and dying industrial and commercial enterprises have adopted leasing or contract systems and soon changed their faces, although their ownership has not been

changed. Both their production and sales have been expanded, the quality of service has increased, and deficits have been made up and surpluses increased.

Of course, cities are different from the countryside, and large and medium-sized enterprises are different from small enterprises. However, these differences only require us to seek more forms of management which combine responsibility, power, and interests, and do not exclude the universal applicability of the principle of separation between ownership and management.

Some people hold that in order to invigorate enterprises, it is necessary to change the ownership. Actually, this is not correct. There is not necessarily a connection between the invigoration of enterprises and ownership, but the invigoration of enterprises has much to do with management. This has been proved by a great number of facts. If ownership is really separated from management, and appropriate measures are adopted to combine the responsibility, power, and interests of managers, and if a suitable external environment is created in various fields, such as in price, financial, market, and planning systems, we can certainly achieve both aims: To maintain the socialist ownership system and to invigorate the enterprises. Obviously, this is a path suitable for our country which is in conformity with the demands and purpose of our reform.

At present in the developed countries, with the development of the commodity economy, the ownership of many large enterprises is separated from management. These enterprises are managed by entrepreneurs. The chairman of the board and general manager of the enterprise are not the owners. Now, the entrepreneurs have formed a social stratum. They have the special skill of enterprise administration. When they are employed, they are responsible for running the enterprises well. If we want to learn advanced experiences from foreign countries, then separation of ownership and management will be one of our important tasks.

Some comrades do not oppose the idea of making ownership separate from management. They also admit that in this way enterprises can be invigorated, but they are apprehensive that in doing so, more difficulties may be caused to macromanagement. As a matter of fact, this kind of worry is uncalled for, as separation between ownership and management is not only conducive to micro-invigoration but also to macromanagement. At present, all enterprise matters from production and investment to distribution of wages, are controlled by the state. Improper control has always been a troublesome problem for us. Take production investment for an example. When control is too strict, the enterprise cannot be invigorated; but when control is relaxed, the enterprise may develop blindly. If ownership is separated from management and the enterprise really becomes a relatively independent economic entity assuming sole responsibility for its profits and losses and a corporation with certain rights and duties, then it will be held responsible for all the consequences of its actions. Thus, there will be a kind of self-binding force for the enterprise, which could not have appeared when the enterprise was "eating from

the big pot of the state." It is a valuable and indispensable condition for doing a good job in enterprise macromanagement. With this force, the effectiveness of macromanagement can be strengthened in the enterprise's management mechanism.

With regard to the advantages of separating ownership from management, we must also understand that it will inevitably bring forth large numbers of entrepreneurs. With decision-making power in hand, managers of enterprises owned by the whole people will be able to swim freely in the market ocean and increase their abilities to weather storms and blaze new trails, such as the ability to study and produce new products, apply new technologies, open up new markets, exploit new resources, and to establish new enterprises. People have already seen that the distinctive management environment of town and township enterprises has brought forward quite a few peasant entrepreneurs, and a large number of capable people have emerged in the contract and leasing management of small enterprises owned by the whole people. Practice shows that provided enterprises are entrusted with sufficient responsibility, power, and interests, a large number of outstanding entrepreneurs will surely emerge.

The separation of ownership from management is clearly stipulated by the "Resolution by the CPC Central Committee on Economic Structure Reform." Recently, a central leading comrade pointed out that there is much work to do in separating ownership from management, which may be an important breakthrough in urban reform. We hope that our economic workers will continue to make bold explorations so that new breakthroughs may be made in the new year in invigorating the enterprises, especially the large and medium-sized ones.

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CSO: 4006/374

PROVINCIAL AFFAIRS

JIANG ZEMIN ADDRESSES SHANGHAI ECONOMY MEETING

OW190403 Shanghai City Service in Mandarin 0100 GMT 17 Feb 87

[Excerpts] In order to further implement the guidelines laid down by the national conference on economic work, the Shanghai Municipal Government held an enlarged standing committee meeting yesterday afternoon. Mayor Jiang Zemin presided over the meeting.

Those attending the meeting reviewed Shanghai's economic work in the past. They held: The economic development in the municipality is generally healthy. However, the economy remains stagnant. Therefore, the city's total spending this year will be reduced by 20 percent as compared with last year. Various administrative expenses will be cut by 5 to 10 percent.

The meeting called on various departments to foster frugality in running enterprises, economize, combat waste, and save money, while trying to fulfill all important projects and taking the overall situation into consideration. The meeting put forward the following three measures:

1. It is necessary to limit the number of new projects. In principle, no new projects should be allowed to start during the first 6 months of this year.
2. It is essential to check on projects now under development. Those projects that are considered not to be urgent must be stopped or postponed, and only those regarded as important should be allowed to continue.
3. It is imperative that we try our best to raise more funds. We must also make full use of domestic as well as foreign investments. At the same time, we must continue to develop some projects within the limits of our own resources to serve the masses.

The meeting decided to convene a conference of cadres in the municipality in the near future to promote the movement to increase production and practice economy and to increase revenues and reduce expenditures.

At the enlarged meeting Mayor Jiang Zemin emphatically pointed out: To develop the movement to increase production and practice economy and to

increase revenues and reduce expenditures, the cadres at all levels must first of all raise their awareness and realize Shanghai's healthy trend in developing its economy, as well as the necessity of quickening the tempo in increasing production while readjusting the economic structure and improving economic results.

He said: Cadres at all levels must improve their work style, go deep into the basic-level units, help the broad masses of workers and staff members heighten their enthusiasm and creativeness, and perform more actual deeds with an emphasis on practical results without flourishes. We must work hard with one heart and one mind from the top level to the bottom, display revolutionary fighting spirit, and develop the movement to increase production and practice economy and to increase revenues and reduce expenditures extensively and in a down-to-earth manner.

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CSO: 4006/394

PROVINCIAL AFFAIRS

ANHUI GOVERNOR ON ECONOMIC, POLITICAL TASKS

OW120745 Hefei Anhui Provincial Service in Mandarin 1200 GMT 11 Feb 87

[Text] The Anhui Provincial People's Government held its fifth plenary session yesterday afternoon. The meeting was presided over by Provincial Governor Wang Yuzhao. Attending were 26 members of the provincial government including Meng Fulin, (Zhao Yu), Yang Jike, and (Zhao Fanshou). Also attending were responsible comrades of departments concerned. The meeting heard a report by Comrade (Long Re), vice chairman of the provincial economic commission, on the national conference on economic work and [words indistinct].

Comrade Wang Yuzhao gave a talk on the provincial government's main tasks in 1987. He said: In 1987 Anhui must resolutely implement the guidelines of the directives issued by the party Central Committee and the State Council and muster all resources to fulfill two major tasks well. In economic work, we must curtail investments and unfold an extensive campaign to increase production, practice economy, increase income, and cut down expenses. In the political and ideological sphere, we must take a clear-cut stand by opposing bourgeois liberalization, set the correct political orientation to guide all other work, and promote stability and unity.

Talking about curtailing investments, Comrade Wang Yuxhao said: It is necessary to resolutely curtail all excessive investments that exceed plans, cut down nonproductive expenses, control the personnel organization of administrative units, exercise strict control over institutional purchases, and promote steady and stable development of the national economy.

Talking about promoting an extensive campaign to increase production, practice economy, increase income, and cut down expenses, Comrade Wang Yuzhao said: This year we must stress both production and the conservation of energy, continue to readjust the production structure, and produce goods that meet market needs or can be exported to earn foreign exchange. It is necessary to cut down consumption, raise labor productivity, raise overall economic results, urge enterprises to upgrade their technology, and strive to increase income and cut down expenses. It is necessary to back up regular expenses with a regular income and avoid overspending.

Talking about deepening enterprise reform and revitalizing enterprises, Comrade Wang Yuzhao said: In accordance with the principle of separating ownership from management, it is necessary to pioneer management methods according to the nature of the various enterprises and improve the management system of the various enterprises. This year, there will be no new measures to reduce taxes and profits to be turned over to the state. It is necessary to continuously tap the enterprises' own resources; further revitalize enterprises, particularly large and medium-size ones; earnestly implement policies and regulations aimed at revitalizing enterprises; promote various forms of management responsibility systems; accelerate the reform of enterprise leading groups; relax the labor hiring policy; promote the proper circulation of the labor force; protect enterprises' legal rights; and resolutely eliminate the unhealthy tendency of apportioning expenses without authorization.

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CSO: 4006/394

PROVINCIAL AFFAIRS

BEIJING ABSORBING NEW RESIDENTS, TRANSIENTS

OW160448 Beijing XINHUA in English 0250 GMT 16 Dec 86

[Text] Beijing, 16 December (XINHUA)--Beijing is absorbing 100,000 new residents a year and is now home to a million transients, today's issue of OUTLOOK WEEKLY reported in an article on the subject.

The one million transients, who do not have permanent Beijing residency certificates, come from all walks of life and all regions of the country. These people work mainly in the service industries, construction trades, or small retail businesses.

"Transients operate the majority of Beijing's free market stands," the article said. The weekly's survey shows 95 percent of the stands in Beijing's Baiwanzhang free market, the capital's largest, are owned by people from outside Beijing.

It is estimated that Beijing now has more than 50,000 maids who come from other provinces; a few years ago the figure was only 20,000. Almost 200,000 of the city's construction workers have moved here from outside recently.

It has also become a trend that more and more women from other provinces who come to the capital to be babysitters or maids, later leave these jobs for work in restaurants and hotels, the weekly said.

"A large percentage of the transients come for cultural exchange, education and other non-economic activities," the article said. Every year Beijing hosts hundreds of exhibitions, trade symposiums, and national meetings of specialists from all walks of life.

Some people come for scientific and technological exchange, and still others come to see theatrical performances. Another survey shows 18 percent of the transients are leaders from other provinces who come to the capital for information exchange as well as help in political, economic, and cultural activities, the article said.

Transients are both good and bad for Beijing. Experts predict the city's population increases by 100,000 people every year, and by the end of 1988, Beijing's population of 9.36 million people will increase to over 10 million.

With the population constantly growing, Beijing is plagued by practical problems. There is a strain on the water supply, rubbish collection is endless, living space is in short supply, transportation lines congested, electricity in demand, and environmental pollution up, the article said.

Experts propose Beijing should adjust its economic structure and develop tertiary sectors to enlarge the city's capacity to absorb labor, and utilize to its best advantage the income and brain power the one million transients bring to the capital, the article said.

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PROVINCIAL AFFAIRS

GUANGDONG LEADER DISCUSSES ECONOMIC REFORM TASKS

HK120549 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 12 Feb 87

[Text] According to NANFANG RIBAO: How is Guangdong to go about promoting its economic structural reform this year? Liu Weiming, member of the standing committee of the provincial party committee and deputy director of the provincial economic structural reform commission, said in an interview that in accordance with the demands of the central authorities and the intentions of the provincial party committee work conference, to invigorate the enterprises, gradually establish a market setup, and change the functions of the organs are the three main tasks in the province's economic structural reform this year.

Liu Weiming said: Invigorating the enterprises is the cardinal link in the province's economic structural reform this year. The following are the criteria for invigorating the enterprises: The enterprises are truly able to become economic entities making their own decisions on production and operations, being responsible for their own profit and loss, and possessing the ability to transform and develop themselves.

On the gradual establishment of a market setup, Liu Weiming said: Through carrying out reforms, we should gradually achieve a situation in which everything needed by enterprises in their production can be bought in a market, while the enterprises produce whatever the markets need. Guangdong should focus on two matters in invigorating the markets this year: invigorate the steel market; and further reform the financial setup. Guangdong is a national pilot project province in reform of the financial setup.

How are the government management departments to bring about a change in their functions? Liu Weiming said: This year [words indistinct] continue to do a good job of the structural reform pilot projects at Jiangmen, Zhanjiang, and Shaoguan cities. At the same time, the economic management departments at all levels should change their functions. In accordance with the requirements of socialist commodity economy, they should switch from micro to macro control over economic work, from direct to indirect management of the enterprises, and from mainly applying administrative measures to mainly applying economic measures. Administrative-style companies should change into enterprise-style of service-style units. Unnecessary companies should be resolutely abolished.

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CSO: 4006/394

PROVINCIAL AFFAIRS

GUANGDONG: MEETING CALLS FOR PRODUCTION, ECONOMY DRIVE

HK200215 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 19 Feb 87

[Text] The provincial party committee and government held a mobilization meeting of provincial organs this morning to launch the drive to increase production and practice economy. Governor Ye Xuanping delivered a mobilization report.

Comrade Ye Xuanping pointed out: The goal of launching the drive to increase production and practice economy is to concentrate capital for the development of production and for key construction projects, so as to promote the sustained, steady, and coordinated development of the national economy and establish an excellent atmosphere of arduous struggle, thrift, and frugality.

Governor Ye Xuanping also outlined arrangements for launching this drive in all sectors, trades, and fronts. He said: In the urban areas, industrial and mining enterprises, and production departments, increasing production and practicing economy must be centered on improving economic results and take as its focal points increasing output of products that have a ready market, improving product quality, reducing input consumption, and economizing energy and expenditure. In the rural areas, the drive should be mainly aimed at increasing grain production, afforestation, greening, and various types of developmental production. The peasants should be guided to practice rational consumption. More money should be spent on boosting the reserve strength of agriculture. It is essential to oppose bad practices such as feudal superstitions and extravagance and waste.

Governor Ye Xuanping also particularly emphasized in his report: In the drive to increase production and practice economy, the leaders at all levels must lead well, and the provincial organs should in particular must set a good example. These organs must immediately take action to control administrative expenditures. They must make cutbacks and economize in the following respects: 1) Resolutely control administrative staffing; 2) vigorously reduce meetings, documents, and reports, and commemorative activities; 3) strictly control group purchasing power; 4) resolutely curb the indiscriminate payment of bonuses, awards, and souvenirs, and put a stop to unhealthy trends such as touring the country, giving banquets, and presenting gifts at public expense; 5) improve financial management and block various loopholes.

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CSO: 4006/394

PROVINCIAL AFFAIRS

GUIZHOU MEETING MOBILIZES PRODUCTION, ECONOMY DRIVE

HK220315 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 21 Feb 87

[Excerpts] The provincial party committee and government held a meeting of the provincial organs on 21 February to mobilize the drive to increase production and practice economy and increase revenue and economize expenditure. Vice Governor Zhang Shukui stressed in a report that the provincial organs must set an example for the province in launching this drive. They must start by saving every grain of rice, every drop of oil, and every cent.

After outlining to the 1,000 participating provincial organ cadres the current economic situation in China and Guizhou, Zhang Shukui pointed out that the idea of thrift and economy has become rather weak among the cadres and masses in recent years, while phenomena of extravagance and waste have become rather serious. The economic results of some enterprises are poor, and financial discipline is not strict enough. We must therefore grasp this drive as a major affair.

He pointed out: Launching this drive is not just an expedient for solving current economic problems, but a strategic measure of major significance. All areas and departments must carry out this drive in a deepgoing and sustained way. Through compressing the atmosphere, they should shift thinking and action from one-sided pursuit of high consumption to arduous struggle and building the country with hard work and thrift. The following are the focal points of the drive:

1. Continue to deepen the reforms and boost the reserve strength for agricultural development. In the rural areas, we should launch a drive to increase income and get rich centered on increasing production and revenue and extricating people from poverty and enriching them.
2. Deepen enterprise reforms, centered on improving economic results, and invigorate the large and medium enterprises. All enterprises must regard as their main tasks improving production quality, reducing input consumption, and cutting various wasteful practices.
3. Cut the scale of investment and readjust the investment structure. We must resolutely implement the guideline of ensuring construction covered

by that plan and cutting construction outside the plan, ensuring productive construction and cutting non-productive construction, and ensuring key construction work and cutting ordinary construction, and promote the readjustment of the production structure and product mix throughout the province.

4. Strengthen supervision and strictly observe financial and economic discipline.

Governor Wang Chaowen presided at the meeting and spoke. Hu Jintao, Ding Tingmo, and other leading comrades attended.

The provincial party committee and government have issued a decision on launching the drive to increase production and practice economy and increase revenue and economize expenditure throughout the province this year.

The decision is in nine parts: 1) Vigorously grasp grain production and actively promote diversification. 2) Increase output of products with a ready market. 3) Deepen the reforms and invigorate the enterprises. 4) Enliven circulation and strengthen sales work. 5) Strengthen controls and improve economic results. 6) Reduce the scale of investment and readjust the investment structure. 7) Practice strict economy and cut expenditures. 8) Strengthen supervision and strictly enforce discipline. 9) Strengthen leadership and improve work styles.

The decision points out: We must vigorously curb the mood of extravagance, oppose lavishness and waste, and economize administrative expenditures. The provincial organs must give a lead and set the example. This year the provincial work departments must cut their administrative expenditure by 10 percent, the prefectures should cut it by 5 percent, and the counties by 3 percent. The leaders at all levels must improve work style, strengthen leadership, and earnestly resolve the problem of endless documents and meetings.

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PROVINCIAL AFFAIRS

HEBEI GOVERNOR DISCUSSES IDEOLOGICAL, ECONOMIC TASKS

HK090207 Shijiazhuang Hebei Provincial Service in Mandarin 0000 GMT 9 Feb 87

[Text] Governor Xie Feng made an important speech at a Shijiazhuang prefectural conference on industrial reform on 7 February, dealing with the main tasks in economic work this year. He pointed out: In 1987, the whole province must concentrate forces for two main tasks: 1) In economics, compress the atmosphere, and launch in depth the drive to increase production and practice economy and increase revenue and economize expenditure, to build the province's economy on a foundation of long-term stable development. 2) We must resolutely oppose bourgeois liberalization.

Comrade Xie Feng said: The province's economic situation was good last year, but a number of abnormal phenomena also appeared. For instance, investment in fixed assets increased, and there was excessive construction in non-productive projects and in the processing industries. Some places and units vied with each other in lavishness and luxury and acted extravagantly in organizing tours, holding banquets, and presenting gifts at public expense. The standard of expenses for conferences and entertaining and of various subsidies has risen ever higher. Our finances cannot bear such burdens.

To uphold the principle of long-term stable economic development, we must launch a drive to increase production and practice economy and increase revenue and economize expenditure. Among the masses, we must advocate the ideas of arduous struggle and building the country with hard work and thrift, and curb high consumption.

Governor Xie Feng stressed that the orientation for industrial reforms this year is to further invigorate the enterprises and strive to improve economic results. The focus in enterprise reform this year is on improving the enterprises' internal mechanism, increasing their vitality, and tapping their potentials.

He said: Many enterprises in difficulties have rapidly turned from losses to profits as a result of implementing the contract leasing system. We must therefore work hard to improve the operational mechanism. We must bring into full play the initiative of the enterprise operators and the staff and workers.

The practice of reform proves that stimulating the initiative of the plant managers depends on firming up responsibilities, powers, and interests, and that stimulating the initiative of the staff and workers depends on linking wages to economic results.

Comrade Xie Feng proposed: In assessing enterprise performance this year, we should switch the focus from output value to economic results. We should formulate specific assessment standards centered on economic results.

We must practice strict economy and oppose waste. The plant managers and directors should decide on effective measures for increasing production and practicing economy.

In his speech, Governor Xie Feng praised the achievements of Shijiazhuang Prefecture in industrial and agricultural production last year. He said: Last year Shijiazhuang Prefecture reaped an all-round bumper harvest in agriculture and recorded sustained growth in industry, providing good experiences for industrial reforms throughout the province. He called on the whole province to adhere this year to the principle of simultaneous development of industry and agriculture, and in particular, to ensure steady growth of grain production.

Comrade Xie Feng stressed in his speech the necessity of opposing bourgeois liberalization. He said: The relationship between upholding the four cardinal principles on the one hand and carrying out reforms, opening up, and invigoration on the other is a relationship of mutual stimulation, and both are indispensable. If we fail to uphold the four cardinal principles, we will veer from the socialist orientation; if we fail to carry out reforms, opening up, and invigoration, we will be unable to build socialism with Chinese characteristics. Launching the struggle against bourgeois liberalization is precisely for the purpose of correctly implementing the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee. This cannot and will not affect reforms, opening up, and invigoration.

We must continue to implement the series of documents on reform, opening up, the invigoration promulgated by the CPC Central Committee, the State Council, and the provincial party committee and government. There is no change in the policy provisions set out in the provincial party committee general office's document No. 15 of 1986 and the provincial government's documents Nos. 89, 90, and 91. There is no need to worry about such changes.

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PROVINCIAL AFFAIRS

HENAN GOVERNOR DISCUSSES ECONOMIC WORK TASKS

HK140159 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 13 Feb 87

[Excerpts] Governor He Zhukang led responsible persons of provincial departments concerned to inspect a number of large and medium enterprises in Kaifeng City from 9 to 12 February, and to study the questions of how to deepen the reforms, invigorate the enterprises, and launch the drive to increase production and practice economy and increase revenue and economize expenditure.

He Zhukang stressed: This year's economic work must be done even more successfully than last year. We must focus on the drive to increase production and practice economy and increase revenue and economize expenditures and on deepening the reforms. On launching the drive, he stressed that it is essential to advocate arduous struggle and building the country and doing everything with hard work and thrift in carrying out economic construction.

At present the demands of all sectors in construction and consumption are too high. There is serious extravagance and waste. The central authorities are completely correct in deciding to launch a drive to increase production and practice economy and increase revenue and economize expenditures. This is of major significance. Since it is a movement, we must extensively launch the masses and carry out mobilization at all levels.

He Zhukang said on deepening the reforms: We must be unswerving in carrying out reforms. We must understand that upholding the four cardinal principles and opposing bourgeois liberalization are identical with reform, opening up, and invigoration. Any apprehensions about this are unnecessary. The focus in urban reforms this year should be on further invigorating the enterprises, especially the large and medium enterprises. In invigorating the enterprises, we cannot just rely on reducing taxes and allowing profit retention. We must focus our attention on the interior of the enterprises, separate ownership from operating powers, and resolve problems in the operating mechanism. We should tangibly integrate responsibilities, powers, and interests, and fully mobilize the initiative of the operators and the staff and workers.

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CSO: 4006/394

PROVINCIAL AFFAIRS

HENAN MEETING URGES IMPROVED INDUSTRIAL PERFORMANCE

HK170207 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 16 Feb 87

[Excerpts] The provincial government held a telephone conference on the evening of 16 February, which emphasized that in launching the drive to increase production and practice economy and increase revenue and economize expenditure, the first task is to promote industrial production. From now on it is essential to get a thoroughly good grasp of industry and communications production this year.

Henan's industry and communications production was not good enough in January. Compared with the same month last year, 7 prefectures and cities increased industrial output value, but in 10 prefectures and cities the figure showed declines. The production rate for the whole province was also lower than the national average.

Apart from shortage of electric power, the main reason for the production declines was that work was not grasped carefully and tightly enough.

During the meeting, Vice Governor Qin Kecai demanded that the leadership and the economic management departments at all levels take resolute steps to catch up. The province should register normal growth rate during the first quarter by fulfilling over 23 percent of the plan for the whole year. Qin Kecai analyzed the current favorable conditions for grasping industrial production, and stressed that it is necessary to focus on four tasks in order to promote production in the first quarter:

1. Launch in depth the drive to increase production and practice economy and increase revenue and economize expenditures, and achieve all-round improvement in economic results.
2. Seriously organize and coordinate industrial and communications production. The outstanding problems in the province's industrial production this year are shortages of electric power and of some raw materials. It is essential to work hard in making the best use of power resources and in organizing supplies of raw materials. We must in particular strengthen control over power consumption and strive to make a success of planned and rotational power supply and consumption. The allocation and consumption of power should be more rational and scientific.

3. Do a good job in adjusting the product mix, and vigorously increase output of products that sell well and are needed in the markets. This is the key to increasing production and revenue.

4. Strengthen organizational leadership over industrial production. Over 80 percent of the province's financial revenue comes from industry. The leadership at all levels must therefore strengthen organizational leadership over industrial production.

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PROVINCIAL AFFAIRS

HUNAN FORUM ON SUPPLY, MARKETING COOPERATIVE REFORM

HK100947 Changsha Hunan Provincial Service in Mandarin 2300 GMT 9 Feb 87

[Text] According to a report filed by this station's correspondent (Zhu Bin), during the recently held provincial forum on the structural reform of supply and marketing cooperatives, provincial Vice Governor Yang Huiquan stressed: This year the structural reform of our supply and marketing system will center on increasing the vitality of basic-level supply and marketing cooperatives and on enlivening the circulation of rural commodities.

Provincial Vice Governor Yang said at the forum: Supply and marketing cooperatives are cooperative economic organizations which were established in the early 1950's on the basis of using investments made by the masses of peasants. They should be returned to the masses of peasants. Our rural supply and marketing cooperatives have relatively powerful contingents of management personnel, have relatively complete sets of installations and facilities, and have cooperative foundations and work experiences established and accumulated over a long period of time in serving the peasants' production and livelihood. Turning supply and marketing cooperatives into organizations run by the local people will further help promote the development of commodity economy in our rural area.

To increase factors for turning supply and marketing cooperatives into organizations run by the local people, Comrade Yang Huiquan called on supply and marketing cooperatives at all levels to energetically expand their economic cooperation with peasants. He said: While promoting the supply of capital and consumer goods, our supply and marketing cooperatives must actively invest and participate in production in enterprises of towns and townships, in developing agricultural projects, in processing industries, and in all links in the commodity production chain, and share the peasants' weal and woe in this regard. Supply and marketing cooperatives at all levels must turn simple buying-selling relations into management-service relations, energetically recruit peasants as their shareholders, work with peasants in establishing joint ventures, and follow the road of joint stock partnership.

He also stressed: This year we must thoroughly relax restrictions imposed on basic-level supply and marketing cooperatives and enable them to have ample decisionmaking powers. All areas and departments must put basic-level

supply and marketing cooperatives and enterprises of towns and townships on an equal footing in the areas of policies on labor, wages, prices, and tax management, conscientiously increase the vitality of basic-level supply and marketing cooperatives, and enliven the circulation of rural commodities.

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PROVINCIAL AFFAIRS

HAINAN HOLDS ECONOMIC WORK CONFERENCE

HK171058 Haikou Hainan Island Service in Mandarin 1100 GMT 16 Feb 87

[Excerpts] The Hainan Administrative Region held an economic work conference from 13 to 15 February. The participants studied and implemented the spirit of the national economic work conference; analyzed the situation of industrial and communications production in the region; arranged this year's tasks; and studied and formulated measures on properly carrying out enterprise reform, increasing production, practicing economy, improving economic results in an all-round way, and promoting continuous economic development in the region.

Meng Qingping, deputy secretary of the regional party committee and principal responsible person of the regional government, made a summation speech at the conference.

(Chen Qiuxi), responsible comrade of the regional government, relayed an important instruction given by Premier Zhao Ziyang at the national economic work conference. (Huang Youzheng), director of the regional economic commission, made a report on basic situation in the region's industrial and communications production in 1987.

Responsible persons in charge of industrial and communications work, economic commission directors, communications bureau directors of the Hainan Autonomous Prefecture, all cities, and counties, and responsible persons of units under the regional economic commission, from regional bureaus, and from the relevant enterprises, plants, and mines attended the conference.

The conference held that under the situation of shortage of energy and circulating funds, increases of some raw materials, more burdens for enterprises, and natural disasters in some areas in 1986, the region's industrial and communications production fulfilled the target. The region's industrial output value for 1986 increased by 6.7 percent over 1985.

In his summation speech Comrade Meng Qingping said that in accordance with the spirit of the national conference of governors and the spirit of national economic work conference, the region must properly carry out three tasks this year.

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PROVINCIAL AFFAIRS

LU DONG ON HAINAN'S ECONOMIC DEVELOPMENT

HK240546 Haikou Hainan Island Service in Mandarin 1100 GMT 23 Feb 87

[Text] Accompanied by (Ouyang Shuqian), deputy director of the Guangdong Provincial Economic Commission, a 9-member delegation including Lu Dong, State Economic Commission Minister (Dong Shaohua), State Economic Commission State secretary general, and (Sun Zhonghao), State Economic Commission member, made an inspection tour of Hainan Island from 17 to 22 February to conduct an investigation into its economic construction.

Regional party and government responsible persons Yao Wenxu, Meng Qingping, and (Chen Qiuxi) met with Comrade Lu Dong and his party. Meng Qingping, (Chen Qiuxi) and (Huang Youjun), director of the regional economic commission, accompanied Comrade Lu Dong during his inspection tour of the following: Haikou Tire Plant; (Haige) Polyester Diber Plant; Haikou No 5 Rubber Plant; Hainan No 1 Agricultural Machine Plant; Hainan Bearing Plant; Haikou Electronics Plant; Haikou Aluminium Oxide Plant; Qionghai Printing and Dyeing Plant; Qionghai Silk Plant; Wanning County Ilmenite Mine; Nanhai Tea Farm; Xingnong Overseas Chinese Farm; (Lingshui) Pearl Breeding Plant; Sanya Foodstuff Plant; Regional Pharmaceutical Plant; Hainan Iron Mine; (Nada) Sugar Refinery; and (Hailian) Pharmaceutical Plant. They also investigated implementation of the spirit of the national conference of provincial governors and the national economic work conference in the region.

Meng Qingping, deputy secretary of the regional party committee and principal responsible comrade in the regional people's government, and other comrades reports to Comrade Lu Dong and the others on economic construction and Hainan's current problems.

Comrade Lu Dong said: After handling the imported car incident, Hainan Island has achieved good results in its work over the past 2 years. The basic idea held by regional party committee and government regarding Hainan's economic work correspond with Hainan's reality and is very thoughtful. The plans made by them are also good. These are for the purpose of allowing Hainan people to become rich as quickly as possible.

Lu Dong said: I have traveled through many places in the country and I think Hainan has better conditions than others to become rich. Today, the

per capita income in Hainan Island is 406 yuan, higher than in 1985. It is absolutely possible for Hainan to become rich in 3 to 5 years.

He said: Agriculture is the foundation, so we must develop industry around agriculture. If Hainan does not develop industry, it will have no way out. As seen from Hainan's current economic setup, it is very correct to grasp energy, communications, the building material industry, and other preparatory work.

Comrade Lu Dong said: Hainan Island must develop industry for export. Some may export raw materials, others may export products, but you should not be too hasty. Particularly in the use and allocation of funds, you should not go too fast and must grasp main points. You must also formulate specific plans and measures in this respect.

Comrade Lu Dong said: If Hainan Island wants to develop, it must improve the work of strengthening cooperation between units on the island and bringing in funds, talented people, and advanced technology from outside the island. In carrying out this work, you may give others some benefits in the beginning, as it will help bring in funds, talented people, and advanced equipment. The central leadership has given powers to Hainan for strengthening cooperation between units on the island, and bringing in funds, talented people, and advanced technology from outside the island. But you must do it in a planned way, step by step, and must not do it blindly. You have achieved good results in this respect, and should continue to do so in the future.

Comrade Lu Dong said: You should train talented people by yourself. I mean people talented in production, processing, research, and management and operation of tropical crop plant enterprises.

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PROVINCIAL AFFAIRS

SHANXI PROVINCE SEEKS ECONOMIC COOPERATION

OW181406 Beijing XINHUA in English 1254 GMT 18 Dec 86

[Text] Beijing, 18 December (XINHUA)--Shanxi Province, China's major coal producer, hopes to develop coal processing and related chemical industries in cooperation with partners both inside and outside China, an official from the provincial economic commission revealed at a news briefing here today.

The northwest China province abounds in coal resources, with known reserves of more than 200 billion tons. Its 1985 output was 214 million tons, accounting for one-fourth of the nation's total.

Deputy director of the province's economic commission Ma Jiajun said emphasis has been put on the technical transformation of the existing enterprises--large and medium-sized ones in particular--covering coal, power, metallurgy, chemicals, building materials, machinery, electronics, and the light and textile industries.

In the metallurgical field, efforts will be made to develop the aluminum and copper smelting industries, as well as the processing of alloy iron and nonferrous metals.

The province is ready to carry out cooperation with partners both inside and outside China in the building materials industry, Ma said, adding that it abounds in limestone, gypsum, marble, and slag resources.

Efforts will also be made to develop a salt lake near Yuncheng City, which is rich in chemical materials such as sulphuric soda and magnesian salt.

To date, the province has started more than 1,170 projects in cooperation with other provinces or foreign firms, involving over 1.54 billion yuan. It has established cooperative relations with Japan, the United States, and some European countries and regions in the past few years, and imported more than 250 projects, of which 122 have gone into operation.

Ma said these cooperation projects have made up for the shortage of funds and technology in the province, and intensified its technical transformation of existing enterprises and economic construction.

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PROVINCIAL AFFAIRS

SHENYANG HOLDS RALLY ON INCREASING PRODUCTION

SK240411 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 23 Feb 87

[Excerpts] A rally was ceremoniously held in Shenyang City's (Dehua) Palace on 23 February to mobilize the people throughout the city to extensively and deeply launch the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures.

When Shizhen, vice governor of the province, made a speech at the rally. Li Zemin, deputy secretary of the provincial party committee and secretary of the Shenyang City Party Committee, and Zhang Guoguang and Zhang Chenglun, deputy secretaries of the city party committee, attended the rally.

About 50,000 people participating in the rally at 64 meeting sites listened to a live telecast of the rally.

On behalf of the Shenyang City Party Committee and the city government, Wu Disheng, deputy secretary of the city party committee and mayor of the city, delivered a mobilization report to the rally.

On behalf of the Shenyang City Trade Union Council, the city CYL Committee, the city Women's Federation, and the city Scientific and Technological Association, (Zhao Jincheng), chairman of the city Trade Union Council, made a speech at the rally. Representatives from plants, rural areas, and commercial and capital construction fronts respectively pledged to support the launching of the campaign at the rally.

Wen Shizhen, vice governor of the province, said in his speech: Extensively launching the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures among all trades and professions throughout the province is a matter of great importance which the economic front should concentrate efforts on grasping this year. Through this campaign, the whole society should foster a practice of advocating arduous work, building up the country through diligence and frugality, making more contributions, and strictly enforcing discipline; should inherit and carry forward the party's glorious tradition of fighting arduously; and should make the campaign become a powerful impetus to facilitate the development of economic reform and social productive forces.

Wen Shizhen said: Launching the campaign in the economic field is a favorable guarantee for the sustained, steady, and healthy development of the national economy. In order to score greater achievements in this campaign, first of all, we must realize a turn in the ideology guiding economic work. That is, we must change the previous ideology of simply pursuing investment in fixed assets, conducting large-scale construction, seeking high consumption, and practicing extravagance and waste into a path of building up the country through arduous work, diligence, and frugality.

Wen Shizhen pointed out: The overall requirements for launching the campaign set forth by the provincial party committee and the provincial government are to tap potential, to upgrade quality, to oppose waste, and to increase economic results. That is, we should enliven the enterprises on the basis of deepening the enterprises' inherent reform and coordinating their external reform. Through importing, absorbing, and digesting advanced science and technology, the enterprises should upgrade scientific and technological level and management ability, increase production, reduce consumption, expand product varieties, upgrade product quality, practice economy, oppose waste, comprehensively increase economic results, and strive to ensure the fulfillment or overfulfillment of the national economic plan and to maintain the good trend of long-term steady economic development.

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PROVINCIAL AFFAIRS

XINHUA NOTES SHENYANG PROGRESS IN CURRENT REFORMS

OW121028 Beijing XINHUA in English 0750 GMT 12 Jan 87

["Round-up: Shenyang First in Reforms"--XINHUA headline]

[Text] Shenyang, 12 January (article by XINHUA correspondent Meng Xianming)--
For Shengyang, capital of northeast China's Liaoning Province, 1987 has begun
with a resolve to deepen the current reforms.

The principle for the reforms will be the same as last year, namely, "making
trial steps in small enterprises and then perfecting the practice in larger
ones."

"Through experiments we will eventually find ways of invigorating our large,
state-owned enterprises," said Zhang Xizhi, a city official in charge of
economic reforms.

Though cautious, Zhang said, the initial reforms are a conspicuous move away
from the old system under which enterprises had to be run by managers
appointed by higher authorities.

The city began its reforms in mid-1984 when it leased to individuals two
industrial and 13 commercial enterprises, which were small and losing money.
Since then, about 140 such enterprises have been leased, Zhang Xizhi said.

A survey of 32 enterprises already leased for a year showed that the rate of
increase for their output value quadruples the average of other enterprises,
and the figure for net profit, 2.3 times, and for productivity, 47 percent.

Meanwhile, the city has pioneered, on a trial basis, the sale of small state-
owned enterprises to collectives or individuals, and the sale of shares or
bonds by large enterprises.

Of the 73 share-issuing enterprises, some are now owned by individual
shareholders and this, Zhang said, has enriched the structure of China's
current ownership.

Perhaps the most notable breakthrough was to declare the bankruptcy of three
enterprises, breaking the long-held concept that state- or collectively-run
enterprises never go bankrupt.

"This move has awakened all debt-ridden enterprises to the hard fact that they have to improve or shut down," Zhang said.

More importantly, this move was the catalyst for China's first law on bankruptcy which was recently implemented on a trial basis.

For the past two years, the city was noted for being the "first" many times, which has not been without repercussions and acclamations at home and abroad.

Following Shengyang, governments in other cities have leased thousands of small or even medium-sized enterprises to collectives or individuals, Zhang said.

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CSO: 4020/123

PROVINCIAL AFFAIRS

SICHUAN CITY RALLY URGES STRUCTURAL REFORMS

HK150143 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 14 Feb 87

[Text] The Zigong City party committee and government held a rally of cadres on 14 February to mobilize the cadres to actively plunge into structural reform. Zigong is one of the country's 16 pilot projects for structural reform in medium-sized cities. The city party committee and government reform scheme is now being implemented in a planned and measured way, following approval by the provincial party committee and government.

Gu Jinchi, member of the standing committee of the provincial party committee and vice governor, made an important speech at the rally. On behalf of the provincial party committee and government, he called on the city to integrate three things and explore experiences in three aspects in the course of carrying out structural reform. The three things to be integrated are: Zigong City's structural reform pilot project should be integrated with reforms of the economic structure and of other management structures, with bringing into play the multifunctional role of a key city, and with vigorously developing economic ties and promoting planning and construction work in southern Sichuan, so as to vigorously stimulate development of commodity economy.

The experiences in the three aspects to be explored are: experiences in division of labor between party and government; experiences in changing the functions of the government organs; and experiences in assigning organ work personnel. Experiences should be provided for future structural reform at provincial level and in other cities and prefectures.

Comrade Gu Jinchi also read out a decision of the provincial party committee appointing (Jiao Zhongxiang) secretary of the city party committee, (Luo Liangyang) deputy secretary, and (Lu Xiang) member of the standing committee.

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CSO: 4006/394

PROVINCIAL AFFAIRS

TIANJIN HOLDS MOBILIZATION RALLY ON PRACTICING ECONOMY

SK231005 Tianjin TIANJIN RIBAO in Chinese 10 Feb 87 p 1

[Excerpts] On 9 February the municipal party committee and the municipal people's government held a mobilization rally on increasing production and practicing economy as well as increasing incomes and curtailing spending. The rally urged the people throughout the municipality to carry forward the fine tradition of waging arduous struggle and building the country through thrift and hard work; and to unite as one, to rise with spirit, and to go into action to actively plunge into the movement of increasing production and practicing economy and of increasing incomes and curtailing spending. Efforts should be made to overfulfill the state assignments of production and financial revenues and to consolidate and develop the municipality's excellent situation.

The main meeting site of the rally was the municipal gymnasium. More than 120,000 persons from various social circles throughout the municipality attended the rally respectively at 131 branch meeting sites. Li Ruihuan, deputy secretary of the municipal party committee and mayor of the municipality, delivered a report entitled "Carry Forward the Fine Tradition of Waging Arduous Struggle and Extensively and Deeply Unfold the Movement of Increase Production and Practicing Economy." Wu Zhen, deputy secretary of the municipal party committee, presided over the rally at the main meeting site. Yan Dakai, member of the Central Advisory Commission, delivered a speech, and responsible persons from the municipal trade union council, the municipal CYL Committee, and the municipal Women's Federation spoke at the rally.

Attending the rally were leading comrades from the municipal party, government, and army organs, including Tan Shaowen, Nie Bichu, Zhang Zaiwang, Guo Chunyuan, Yang Jingheng, Wang Xudong, Ji Zenghui, He Guomo, Chen Yiyi, Zhang Dinghua, Zheng Cuozhong, Bai Hualing, Xing Yanzi, Li Huifen, Zhang Lichang, Lan Baojing, Hao Tianyi, Yang Huijie, Bai Hua, Li Zhongyuan, Zhao Jun, Liu Zengkun, Yang Jianbai, Han Tianyao, Yu Fujing, Shi Jian, Liu Jinfeng, Lu Xuezheng, Li Changxing, Mao Changwu, Xiao Yuan, Zhao Jinsheng, Hou Ru, Yang Tianshou, Yu Songting, Kang Tiejun, Liao Canhui, Zheng Wantong, and Huang Yanzhi. Also attending the rally were veteran comrades including Li Yanwu, Wang Enhui, Lu Da, Li Shusen, and Wang Peiren.

In his speech, Comrade Yan Dakai earnestly told the young cadres that the principle of waging arduous struggle is the precious heritage of the country and that by no means should we give up such a spirit. In providing opportunities for young cadres, it is chiefly necessary for us to have them adopt the spirit of revolutionary struggle, including the spirit of doing pioneer work and waging struggle arduously.

In conclusion, Wu Zhen delivered a speech in which he set forth demands for implementing the spirit of the rally.

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CSO: 4006/394

PROVINCIAL AFFAIRS

YUNNAN STRESSES ENTERPRISE REFORM, RESULTS

HK100449 Kunming YUNNAN RIBAO in Chinese 27 Jan 87 p 1

[Report: "Vice Provincial Governor Zhu Kui Expounds on Guiding Idea for Invigorating State-owned Enterprises in Yunnan: Deepen Enterprise Reform, Improve Economic Results"]

[Text] At a meeting attended by responsible comrades of the relevant sections, commissions, officers, departments and bureaus under provincial committee responsible for structural reform, and provincial economic committee held by the provincial government on the afternoon of 20 January, Vice Provincial Governor Zhu Kui expounded on the demand of invigorating the state-owned enterprises in the province, and urged various enterprises to do well in "deepening enterprise reform and improving economic results."

Vice Provincial Governor Zhu said: In 1987 the guiding idea of our province for implementing the relevant spirit of the State Council, and invigorating the state-owned enterprises" may be summed up as: "Deepening enterprise reform and improving economic results." It is because without a reform, it is impossible for enterprises to invigorate themselves, and make the most of their economic results. Therefore, it is imperative to deepen enterprise economic results. Therefore, it is imperative to deepen enterprise reform. Only in so doing can enterprises invigorate themselves and improve their economic results.

In 1987, how should we invigorate the state-owned enterprises in our province? Vice Provincial Governor Zhu pointed out: In recent years, our province has adopted many measures, and accumulated some experiences. At present, the main problem is that these measures and experiences must be carried through ideologically and organizationally. The central authorities and our province have decided to give enterprises decisionmaking power. But some localities have not yet truly implemented the decision. Therefore, it is very important to implement the existing measures for reform. In accordance with the requirement of the State Council and our province's experience in reform, we should pay special attention to the following:

1. We should reform the operational mechanism of enterprises, and place our emphasis on the separation between ownership and power of operation. The

practical conditions in small, medium and large enterprises are different. As far as reform is concerned, we cannot demand conformity in everything. Medium and large enterprises may widely implement contract responsibility system, with emphasis on "contract." While devoting particular efforts to grasp the contract system, they may implement joint-stock system on a trial basis. In medium and large enterprises, accounting units must be made smaller, and contract system must be implemented at all levels. As far as small enterprises are concerned, they may implement the contract, renting and joint-stock systems; change their ownership, declare bankruptcy, and sell things on auction (referring to small commercial network). Enterprises are allowed to choose what they are going to do independently. Various forms can be adopted to implement the contract and resting system. The contract system can be based on the collectives and individuals. New enterprises can be contracted to the old enterprises, and small enterprises can be contracted to large enterprises. All these methods can be adopted. Some wealthy big enterprises are allowed to run enterprises which lose money in business on a contract basis. In places where conditions exist, state-operated enterprises can be contracted to collective enterprises, or individuals.

2. We should implement the three regulations governing the factory director responsibility system, and persist in the reform of leadership system. While reforming the leadership system of enterprises, serious attention must be paid to the following: 1) The implementation of factory directory responsibility system; 2) Responsibility system covering the term of office of factory directors and objectives to be attained by them; 3) the system governing the examination of the removal and appointment of factory directors; 4) The open recruitment system for cadres. At present, many problems have occurred with regard to the implementation of the factory director responsibility system. Specific methods for settlement should be proposed in light of the existing problems.

3. Internal distribution system of enterprises must be reformed, and economic responsibility system implemented. The contract system, renting system, joint-stock system, and so on have solved well the problems of distribution involving the state and enterprises. Now, we must solve well the problem of distribution involving enterprises and workers. In the total wages checked and ratified by the state, the percentage of flexible wages must be increased, whereas the percentage of fixed wages must be reduced. All these will involve "wages recorded on file," percentage of wages based on certain contracted projects, deduction of wages, floating wages, piece wages and so on. We should formulate specific plans, and tell the enterprises concerned that they may independently decide their plans for distribution in order to give full play to the role of the economic lever of wages and arouse the enthusiasm of workers and staff members.

4. We should lighten the burden of enterprises and enhance their capability for self-development. At present, the burden of enterprise is very heavy. The equipment and facilities of some enterprises are obsolete. They lack money for technical reform. Therefore, in the process of reform, certain

policies should be worked out for enterprises: 1) Enterprises must be vested with power for selling their own products. 2) [Word indistinct] tax must be reduced or exempted; 3) The practice of exacting payment arbitrarily must be banned; 4) Depreciation rate must be increased; 5) Enterprises must be provided with certain economic support. If these problems are not solved, it is difficult for enterprises to invigorate themselves.

5. We should straighten out administrative companies, and develop lateral economic links, including the establishment of enterprise groups. Administrative companies have become obstructions and are stumbling blocks to the reforms in enterprises. They should be abolished within a set time. Otherwise, their personnel, financial and material links with the enterprises concerned must be cut off. After their separation from administrative companies, enterprises must develop their lateral economic links. They may set up enterprise groups. While establishing enterprise groups, they must avoid monopoly, because monopoly is not beneficial to competition, and to protecting the interests of consumers.

Vice Provincial Governor Zhu stressed: The measures of reform for invigorating state-owned enterprises are decided by the central authorities and the province on the prerequisite of upholding the four cardinal principles in order to rapidly develop social productive forces. Therefore, in the process of reform, enterprises should stick to the socialist orientation, strengthen ideological, political work, give consideration to the interests of the state, the collectives and individuals, and truly improve their economic results. As for various departments, including discipline inspection commissions, political and legal sections, industrial and commercial administrative departments, auditing departments, and so on, while investigating and handling the problems occurring in enterprises, they must regard the development and enhancement of economic results as important criterion. Any measures or methods, which are beneficial to the development of production, and the enhancement of economic results, must be allowed to be employed in a flexible way.

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CSO: 4006/394

PROVINCIAL AFFAIRS

BRIEFS

JILIN COMMERCIAL ACHIEVEMENTS--Jilin Province's total retail sales in 1986 reached 13.98 billion yuan, a 15.6-percent increase over the 1985 figure, topping the country's standard of average increase in this regard. [Summary] [Changchun JILIN RIBAO in Chinese 27 Jan 87 p 1 SK] /6662

HEILONGJIANG ECONOMIC ACHIEVEMENTS--Heilongjiang Province's total grain output in 1986 reached 16.5 million tons, a 20-percent increase over the 1985 figure. Its total industrial output value showed a 7.1-percent increase over the 1985 figure. The province realized 102 million yuan in post and telecommunications business, a 9-percent increase over the 1985 figure. Its total retail sales reached 19.42 billion yuan, a 12.8-percent increase over the 1985 figure. Its total spending on procuring export commodities showed an 8.5-percent increase over the 1985 figure. It also showed a 36-percent increase in its earned foreign exchange, a more than 20-percent increase in its bank deposits, a 14.1-percent increase in its per-worker pay, and a more than 10-percent increase in its per-peasant income. [Summary] [Harbin HEILONGJIANG RIBAO in Chinese 29 Jan 87 p 1 SK] /6662

FUJIAN GOVERNOR ON ECONOMIC POLICY--The Hong Kong Huamin (Group) Company, Ltd, held a meeting of its board of directors on 3 February in Fuzhou. Governor Hu Ping and Vice Governor Chen Binfan attended and addressed the meeting. Hu Ping asked the participants to relay a message to Hong Kong, Macao, and Taiwan compatriots, Overseas Chinese, and foreign friends: Our policy of reform, opening to the outside world, and invigorating the domestic economy will not change. It will only become better and improved. We will, as always, promote economic and technological cooperation and strengthen friendly ties with them. [Excerpts] [Fuzhou FUJIAN RIBAO in Chinese 5 Feb 87 p 1 OW] /6662

XINJIANG LATERAL ECONOMIC COMBINATIONS--Xinjiang Region scored new achievements in building lateral economic combinations in 1986. According to statistics compiled by 11 prefectures and cities and by the production and construction corps, over 700 economic and technical projects were successfully put into production in 1986. Their total output value amounted to 260 million yuan, an increase of 53 percent as compared with the value of new projects in 1985. The tax revenue they provided amounted to 42 million yuan, an increase of 27 percent as compared with tax revenue provided by new projects in 1985. Moreover, imported funds in 1986 increased by over 300 percent as compared with 1985. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 11 Feb 87 HK] /6662

QINGHAI INDUSTRIAL PERFORMANCE--According to data provided by the provincial statistics bureau on 9 February, Qinghai's industrial production in January made a better start than last year. Output value was 140 million yuan, an increase of 11.2 percent over January last year. A good momentum of balanced increase in industry both owned by the whole people and owned collectively appeared. [Text] [Xining Qinghai Provincial Service in Mandarin 2300 GMT 12 Feb 87 HK] /6662

FUJIAN AUDITING DEPARTMENT AWARDS--The award presentation ceremony for the audit department's advanced collectives and advanced workers in the province in 1986 took place in Fuzhou yesterday. Governor Hu Ping, Vice Governor Wang Yishi, and responsible cadres of relevant departments presented awards to 17 advanced collectives and 56 advanced workers. During the ceremony, Comrade Hu Ping fully confirmed the achievements of auditing units in the province and wished that all auditing personnel would further adhere to the four cardinal principles, persist in carrying out reform and the policy of opening to the outside world, handle things impartially, and wage a resolute struggle against evil practices such as seeking personal gains at public expense. Comrade Wang Yishi spoke on issues concerning how to strengthen further the supervising role of auditing units and turn auditing supervision into regular, systematic, and standard practice. [Text] [Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 11 Feb 87 OW] /6662

GUANGDONG LEADER STRESSES PRODUCTION, ECONOMY--Vice Governor Kuang Ji said yesterday at a provincial meeting of directors of prefectural and city economics commissions and responsible persons of provincial departments, bureaus, and general companies that launching the drive to increase production and practice economy and increase revenue and economize expenditures is the core task in economic tasks this year. In connection with Guangdong's specific conditions, we must get a particularly good grasp of our tasks: 1. Launch extensive propaganda and education in building the country and doing everything with hard work and thrift. 2. Speed up electric power construction and do a good job in organizing raw material supplies. 3. Get a good grasp in readjusting the product mix and increase the volume of commodities that sell well and are needed in the market. This is an important way of increasing production and practicing economy. 4. Work hard to reduce input consumption. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 13 Feb 87 HK] /6662

HUBEI PARTY RECTIFICATION SHORTCOMINGS--[Station commentary: "Seriously Grasp the Conclusion of Village-level Party Rectification and Consolidate and Develop Its Fruits"] Village-level party rectification in Hubei is now approaching completion. Seriously implementing the spirit of the instructions of the Central Party Rectification Work Commission and grasping the final stages of village-level party rectification is an important issue facing the rural party organizations at all levels. Generally speaking, village-level party rectification in Hubei has promoted rural reforms and the development of rural economy. However, the development of party rectification is uneven. The rectification standards in some units are not high and the demands are not strict. Some units have not fulfilled properly the four tasks set by

the central decision on party rectification. Some have even done the work in a superficial way. There are also phenomena of laxity and lack of strictness in organizational measures and the reregistration of party members. Hence, there must be no relaxation in the concluding stages of village-level party rectification. [Excerpts] [Wuhan Hubei Provincial Service in Mandarin 1000 GMT 13 Feb 87 HK] /6662

YUNNAN ECONOMIC WORK CONFERENCE--According to a report filed by this station's reporter (Dai Chun), a provincial economic work conference stressed: We must firmly grasp the key, namely, the separation between the proprietary rights of enterprises and the management rights of enterprises. We must deepen reform of enterprises and further increase the vitality of enterprises. We must energetically carry out the drive to increase production and practice economy and the drive to increase revenue and reduce expenditure and comprehensively improve economic results. We must uphold the principle of putting the stress on intensive development and truly promote the technological progress of enterprises. This conference was held from 11-15 February in Kunming. Vice Provincial Governor Zhu Kui addressed the conference. Zhu Kui said: This year 80 percent of state-operated enterprises in this province must carry out the system of factory director's responsibility. Enterprises engaged in carrying out the system of factory director's responsibility must also implement the system under which a factory director is responsible for achieving the set goals during his term of office. [Text] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 16 Feb 87 HK] /6662

CHONGQING PRODUCTION, ECONOMY DRIVE--On 17 February, the Chongqing City Party Committee and government demanded that all trades and sectors launched an extensive drive to increase production and practice economy and increase revenue and economic expenditure. The city should strive to increase total industrial output value by 7.5 percent, total agricultural output value by 3.5 percent, and financial revenue by 10 percent this year. As far as financial expenditure is concerned, except for wages, subsidies, relief funds, and so on, there is to be a 10 percent cut across the board. As a rally held by the city on 17 February, attended by 7,000 cadres, Mayor Xiao Yang pointed out that advocating a social atmosphere of arduous struggle and building the country with hard work and thrift and launching an extensive drive to increase production and practice economy and increase revenue and economize expenditure is a strategic measure of far-reaching significance. It is not only a core task in building socialist material civilization but also an important task in building socialist spiritual civilization and improving party style and social mood. Liao Bokang, secretary of the city party committee, also spoke at the rally. [Text] [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 17 Feb 87 HK] /6662

QUANGDONG RETAIL SALES INCREASE--Guangzhou, 19 December (XINHUA)--The business volume of the private sector in Guangdong Province topped 5.97 billion yuan (about \$1.61 billion) in the first nine months of this year, according to the provincial industrial and commercial administration. Statistics show that the retail turnover of the private sector rose to some 4.39 billion yuan (about \$1.19 billion), accounting for 17.5 percent, or one-sixth, of the total volume of retail sales of the province. By the end of September, according to the administration, Guangdong Province, in south China, had 760,000 privately-owned industrial and commercial enterprises involving 1.1 million people, 40 times and 33 times, respectively, more than 1979. [Text] [Beijing XINHUA in English 0148 GMT 19 Dec 86] /9871

FOREIGN TRADE, INVESTMENT

VOLUME, STYLISHNESS OF TEXTILE EXPORTS INCREASE

OW181427 Beijing XINHUA in English 1314 GMT 18 Feb 87

[Text] Beijing, February 18 (XINHUA)--Chinese garments, which were ridiculed by foreign visitors to China for their mono-colors of blue, green and grey, now have made them open their eyes for their changing colors and styles.

This is seen in the fast growth of China's garment exports in recent years.

According to the Textiles Ministry, last year China exported 1.6 billion U.S. dollars worth of garments, including silk clothes and cloth shoes.

The ministry officials attributed the dramatic changes to the painstaking efforts over the past few years to update the technological processes and improve quality of products and make them more responsive to changes in the world markets.

The officials said that a number of garment factories have formed joint ventures with foreign firms to update their technology and make high grade products.

The children's clothes factory in Zhuji County, Zhejiang Province, and a Japanese firm set up the Dandan Company and began to sell all its products to Japan in April 1986. The plant has earned 2.7 million U.S. dollars in profits.

The Clothes Corporation of Changzhou City in Jiangsu Province, the Changzhou branch of the People's Bank of China, and a Hong Kong firm jointly set up a garment company which made 1.05 million U.S. dollars in profits last year.

Yu Zongyao, an official at the Textile Industry Ministry, said that China will set up 10 Sino-foreign joint garments ventures at home and six others abroad during the Seventh Five-Year Plan (1986-1990).

In addition, the country will establish ten enterprise groups in major Chinese cities which will be granted with powers to import and export.

Yu said that China's garment industry will make 50 percent of the ready-made clothes for the country by 1990 as against 30 percent at present and will export mainly high grade fashion clothes.

Wu Wenying, textile industry minsiter, told a meeting that clothes should become China's leading export item. The product structure should be adjusted and the quality should be further improved, she stressed.

FOREIGN TRADE, INVESTMENT

CUSTOMS OFFICIAL ON PROMOTING OPEN POLICY

OW161846 Beijing XINHUA in English 1627 GMT 16 Feb 87

[Text] Beijing, February 16 (XINHUA)--China's customs agents have shifted their major work to help better promote foreign trade and technical exchanges, a senior official from the customs said here today.

In accordance with the needs of the production and construction as well as the foreign economic relations and trade, the customs department has reduced the tax rate on import commodities needed for construction of the state key projects, while increasing the rate of taxation on the import equipment that can be made in China with the technology imported from overseas.

Dai Jie, director of the general administration of customs, said that customs agents offered preferential treatment to importers who were involved in energy and infra-structure construction projects by using foreign funds.

Thanks to the efforts made by the general administration of customs, he said, China's customs law was issued at the beginning of this year. The law guarantees the implementation of the open policy.

The preferential treatments offered to some import and export Sino-foreign joint ventures are spelled out in explicit terms in the law.

Meanwhile, the customs department has improved their management. For instance, Xiamen customs has simplified the examining and clearing formalities for the sake of the foreign investment enterprises. The customs bureau in Jiulong, Gongbei and Guangzhou have made efforts to shorten the time it takes for a traveller to pass through customs.

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CSO: 4020/126

FOREIGN TRADE, INVESTMENT

BRIEFS

INCREASED TECHNICAL SERVICE EXPORTS--Beijing, February 19 (XINHUA)--China expects to increase technical service exports to foreign countries this year, according to the ECONOMIC REFERENCE NEWS today. Officials of China's Ministry of Foreign Economic Relations and Trade said they hope to provide services in prospecting, designing, and planning for foreign countries. China did a brisk business selling technical labor to other countries in 1986. According to the officials, 845 labor service contracts worth 1.27 billion U.S. dollars were signed in 1986, compared with the 794 contracts worth 1.19 billion dollars in 1985. The paper said competition on world markets for technical labor was stiff last year. China was successful because it strictly followed the policy of complying with contracts, maintaining quality and taking low profits. [Text] [Beijing XINHUA in English 0159 GMT 19 Feb 87 OW] /6662

CSO: 4020/126

ECONOMIC ZONES

BRIEFS

SHANGHAI TO BUILD NEW DISTRICT--Shanghai, 16 December (XINHUA)--Shanghai, China's largest industrial center, will build a new district in its western suburbs next year, the Shanghai-based JIEFANG DAILY reported. Approved by the municipal government, the 154-hectare district will require a total investment of six billion yuan (1.6 million U.S. dollars), and is expected to become one of Shanghai's foreign economic and cultural exchange centers. According to the newspaper, buildings with a total floor space of two million square meters will be constructed in the district, which is designed to be divided into four parts. One part will house cinemas, theaters, exhibition halls, and offer 22 apartment buildings and offices; another will house 17 consulates, and provides 600 villas and 23 apartment complexes; and the remaining two will be exclusively residential areas. [Text] [Beijing XINHUA in English 1102 GMT 16 Dec 86] /9871

FOREIGN-FUNDED FIRMS IN SHENZHEN--Shenzhen, 6 January (XINHUA)--Enterprises with foreign investment have become the mainstay of the economy in the Shenzhen Special Economic Zone, a local official said today. Their industrial output value exceeded 2.3 billion yuan (622 million U.S. dollars) in 1986, up 37 percent over 1985, and accounting for 65 percent of the zone's total. Since it was designated in 1979, the zone, on the border with Hong Kong in Guangdong Province, has signed contracts with foreign businesses on 4,947 projects involving 3.8 billion U.S. dollars. Foreign firms have already invested 960 million U.S. dollars in the zone, making up 18 percent of the national total. Half of the 1,200 foreign-funded projects being built in the zone are factories; 250 of these are now in operation, producing 60 percent of the zone's export goods. Last year, the zone published a regulation on the reduction and exemption of taxes for foreign-funded businesses, improved their work efficiency, and reformed financial and hard currency management. [Text] [Beijing XINHUA in English 1206 GMT 6 Jan 87] /9871

CSO: 4020/120

FINANCE, BANKING

ACHIEVEMENTS IN FINANCIAL REFORM

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 12, 4 Dec 86 pp 11-13

[Unattributed article: "Clear Successes Achieved in Trial Reform of Financial System"]

[Excerpts] In January of this year the State Restructuring of the Economic System Commission and the People's Bank of China selected Guangzhou, Shenyang, Wuhan, Chongqing, and Changzhou as trial cities for reform of the financial system. Since then the experiment has gotten off to a good start and achieved clear successes, due to the importance attached to it by the governments of the trial cities, the vigorous support of the head offices of the various specialized banks, and the efforts of the many financial cadres, staff and workers.

Lending to the Trade Launched Among Financial Institutions

1. Creation of an interprovincial, intercity network of funds for short-term loans. In January this year, a trade lending agreement was reached among the banks of 11 cities, including Wuhan, Chongqing, Guangzhou, Shenyang and Changzhou; the agreement first establishes an interprovincial, interregional network of funds for short-term loans among banks. This network is centered in Wuhan; every 10 days, eight local banks telex a report on their funds balance to the Wuhan bank, and the Wuhan bank in turn sends out reports to each city, after which "targets" are sought for mutual borrowing. As the economy grows and reform of the financial system advances, there has also been growth in interprovincial and intercity funds for short-term loans among banks, with both the scope and variety of such loans increasing. Within a province, there is a network of funds for short-term loans among provincially administered municipalities. Outside a province, there are networks of funds for short-term loans among provinces within administrative regions. Recently 27 cities along the Changjiang River also organized a network of horizontal financial relationships for central cities along the river. In the first three quarters of this year, interprovincial borrowing and lending among five city banks amounted to 2 billion yuan.

2. Creation of a system of meetings for managing People's Bank funds. In order to promote short-term lending of funds among specialized banks in a given city, the people's banks in some cities have established a system of

funds management meetings, periodically calling together the various specialized banks to analyze recent credit operations and the application of funds and to exchange information on their respective shortages and surpluses; a forecast is also made of the demand for funds during the next 10-day period, and, on this basis, funds are uniformly balanced and managed. According to statistics from some of the trial cities, during the first three quarters of this year 15 billion yuan was lent among the various specialized banks in those cities and within the specialized bank system.

3. Creation of a visible lending market. In order to achieve proper short-term lending of funds among collective financial organizations, Wuhan established the Hanzheng Street lending market in May of this year. Each week this little market opens its doors, setting its loan interest rates according to the banks', with loan amounts and terms agreed upon freely by both parties to the loan, and simplified procedures. From May, when it opened, through September, the market was open 22 times, with 12.5 million yuan in loans concluded. In order to reinforce the trade lending market in Wuhan, the city's Industrial and Commercial Bank, with the approval of the Wuhan People's Bank, formed an urban lending market in which the offices in each district participate; the Wuhan Agricultural Bank formed a rural lending market in which Agricultural Bank offices and rural credit coops participate. These two markets both opened for business on September 24.

As of the end of September this year, more than 17 million yuan in short-term loans had been made by various means among the different financial institutions.

Introduction of Acceptance and Discounting of Commercial Notes

Since commodity circulation was stimulated, marketing activities between enterprises have increased steadily. In order to establish regular account settlement procedures and guide the normal development of commercial credit, the banks have reintroduced acceptance and discounting of commercial notes. Responding to its own circumstances, Shenyang has formulated "Detailed Regulations for the Management of Commercial Draft Acceptance and Discounting Operations" and "Rediscounting Methods for the Shenyang Branch of the People's Bank of China." To promote the growth of commercial draft acceptance and discounting, the Shenyang People's Bank has determined that the city's financial institutions are not to be restricted by the principle of the division of labor and may engage in this activity. Wuhan has adopted four ways of performing this activity: for the belated handling of commercial notes for transactions already constituted, acceptance and discounting; for newly issued commercial credit, note acceptance and discounting; for enterprises having a fixed relationship between production and marketing, chain acceptance and discounting of notes; for fast-selling products produced by enterprises, acceptance and discounting of promissory notes on futures. According to statistics from Shenyang, Wuhan, Chongqing and Guangzhou, by the end of August the specialized banks had accepted 1,419 notes for a total of 200 million yuan and discounted 1,883 for a total of 400 million yuan. The People's Bank handled 250 rediscountings for a total of 120 million yuan.

Creation of Note Exchange Centers, Expansion of Scope of Note Exchanges in a Given City

In order to reduce the number of steps involved in clearing notes and speed up the turnover of funds, the cities have all established note exchange centers for their own cities, over which the People's Banks provide leadership and management. The specialized bank offices in each city go to the exchange center each day at a fixed time to exchange their notes, clearing them collectively and generally speeding up turnover by two or three days. Shenyang has now expanded the scope of note exchange within the city, organizing note exchanges within economic zones. Sister bank offices in the cities of Fushun, Liaoyang, Anshan, Tieling, Benxi have consulted and will now include all funds that in the past were transferred through the provincially controlled affiliated bank within the scope of Shenyang's note exchanges for that city. According to preliminary statistics, in the past these five cities had to prepare from 1,300 to 1,600 statements each day for the provincially controlled affiliated bank; now, each bank will only need to prepare 4 balance statements daily, saving large amounts of human and material resources. Each day the five cities transfer approximately 18 million yuan; in the past, this was sent by the post office and took 2 or 3 days, but now it requires only 1 or 1.5 days. Reducing the steps in transmitting the vouchers for transfers of funds not only speeds up the turnover of funds but also cuts down on lost and backlogged statements as well as on blocked funds and losses from uncovered lending, which has been much appreciated by the staff and workers in enterprises and banks.

Guiding and Developing Social Formation of Capital

In order to properly orient the social formation of capital, some city banks have set basic principles and management methods for issuing stocks and bonds. Following the principle of "uniform leadership, established methods, controlled scope, and centralized management," the Shenyang branch is insisting on certain conditions: that the funds raised by issuing stocks may only be applied to projects within state-approved plans; investment projects must offer fairly high economic returns; total premiums and interest on bonds must not exceed 20 percent of the interest on fixed savings deposits of the same grade, and so on. In addition, it determines the annual issue quotas according to its calculated capacity to bear social funds. The Guangzhou branch is concentrating on standardizing stocks and bonds. Specifically, they are dividing the standardization of capital formation into five aspects: legalizing issues, systematizing management, socializing capital formation, standardizing securities, and normalizing credit appraisal. As of this date in September, the five cities have issued 750 million yuan in stocks and bonds.

Shenyang is also experimenting with the transfer of negotiable securities. The city has nearly 300 million yuan in social stocks and bonds; since the term of repayment of bonds is fairly long, after people buy them they are unable to cash them in should there be an urgent need to use the funds. In order to resolve this real difficulty for the people and ensure healthy and stable growth for the money market, the city's trust investment company in August of this year adopted four trial methods of transfer of enterprise bonds: buying and selling, sale on commission, visaing, and mortgaging; in the month and a

half that this has been going on, a total of 5,013 bonds (with a face value of 50 yuan each) have been bought, amounting to 209,000 yuan; 4,972 were sold, for 210,000 yuan; 528 were mortgaged, for 21,000 yuan; 176 were visaed; approximately 4,000 people participated in the trading, with nearly 450,000 yuan traded.

Developing Varied Financial Institutions and Organizations

The five cities are enthusiastically forming varied types of trust investment institutions; they have now established 13 domestic and international trust investment companies that undertake trust investments for society; at the same time, they have adopted flexible approaches for the circulation of funds, such as compensation trade, seller credit, financial leasing, and trust loans.

As these diversified economic forms develop, a number of city credit coops, financial services coops, and financial companies have been established to serve urban collectives and individuals; 56 financial organizations of this type have been opened in the cities of Chongqing, Wuhan, Guangzhou and Shenyang. They have established accounts for 15,937 collective enterprises and individual operators, taking in 328 million yuan in deposits and issuing a total of 259 million yuan in loans.

With the existing number of savings outlets being inadequate, the city banks, in addition to enthusiastically developing postal savings, have also been handling savings jointly and through agents. Banks in Changzhou, Wuhan and Chongqing are operating 50 savings banks jointly with enterprises and neighborhoods. Wuhan has developed more than 18,000 savings agencies in enterprise units, enabling 630,000 staff and workers (one-third of those in the whole city) who are unable to get to a savings bank to deposit and withdraw savings; they take in more than 60 million yuan monthly.

Increasing Credit Instruments, Developing Varied, Flexible Financial Services

For many years China had only one form of financial instrument, which was ill-suited to the development of a socialist commodity economy and a money market. To change this situation, in addition to continuing to expand their issuing of financial bonds, the various city banks this year are extending the use in rural areas of rural drafts and fixed account transfer checks to be used for the purchase of agricultural and sideline products. In the cities, they are handling certified checks for the purchase of commodities within the same city; for well-known figures in science, education, the arts, journalism or medicine, they are providing checks on current savings; for the convenience of travellers, they are offering traveller's checks; for fast-selling commodities, they are issuing futures promissory notes on a trial basis; they have also issued a few high-value time certificates.

Economic Responsibility Contract System Tried in Savings Banks

In July of this year the Industrial and Commercial Bank of Changzhou implemented on a trial basis a "system of contractual responsibility for the amount of cost in the increase of savings," adopting a "one approved and five guaranteed" approach. "One approved" is the approved cost of 1.672 per cent of

the year's increase in savings. The "five guaranteed" are guaranteed personnel, guaranteed assignments, guaranteed quality, guaranteed services, and guaranteed management. Guangzhou is implementing on a trial basis an economic responsibility system involving "three guarantees and one allowance." The "three guarantees" are a guaranteed increase in savings assignments, guaranteed volume of business, guaranteed volume of services. The "one allowance" is an allowance of 0.0351 percent of the year's actual increase in savings that may be withdrawn after the "three guarantees" are met. Wuhan has implemented an economic responsibility contract system among 10 savings banks having a net balance of more than 20 million yuan in savings. Checks of 10 areas are being conducted: deposit assignments, labor quotas, quality of work, service attitude, surveys and studies, publicity for savings, appearance of premises, savings through agencies, security, and courtesy.

Equalization of Foreign Exchange

Beginning in January of this year, Guangzhou decontrolled the foreign exchange equalization market in accordance with state-set prices; to date, it has handled 33 incoming transactions involving 96.23 million dollars, and 41 outgoing transactions, involving 10,121,000 dollars.

The above results show that the growth of this experimental work is healthy, creating the preliminary conditions for improving macrocontrol and invigorating the money market. It has also given impetus to and promoted general reform and the reform of the entire financial system in the trial cities.

Given the requirements of reform of the financial system, trial cities in the next stage should focus on the following areas:

1. Reinforcing the central bank's capacity for macroeconomic regulation and control over the trial cities. From now on loans by the head office of the central bank to the various head offices and provincial branches of the specialized banks must be gradually reduced, and the capacity of the city central banks to regulate and control funds must be expanded. A crisscrossing system for regulating and controlling funds that spans regions and sectors and is based in the central cities should be gradually established.

2. A short-term money market should be gradually established. On the basis of voluntarism and mutual benefit, the country's financial institutions should borrow and lend short-term funds wherever there are temporal, regional, or sectoral disparities in the application of funds. The use of notes in commercial credit should be vigorously expanded; note acceptance, discounting, rediscounting and note mortgage loans should be offered everywhere, gradually reducing credit loans to enterprises and making note discounting and mortgage loans the principal forms of lending. Where conditions are suitable, cities may experiment with transfers of stocks and bonds and equalization of foreign exchange.

3. Operating grass-roots specialized banks as enterprises should be enthusiastically explored. At present the specialized banks must use the city branch as their independent accounting unit. So long as the proportion of

profits turned over to the financial departments by the head offices of the specialized banks remains unchanged, the profits retained by each trial city's branch are checked under different conditions. The specialized banks in the trial cities serve as a joint enterprise; they should operate independently and autonomously, establishing internal systems of economic responsibility.

4. Varied financial institutions should be gradually developed. Collective financial institutions and other financial organizations should be vigorously developed; trial reforms should be conducted at the agricultural banks and the rural credit coops according to local conditions and models; in economically developed regions, the experimental focus should be on financial institutions that serve horizontal associations and township enterprises; on this basis, the operations of specialized banks should be allowed to overlap, so that by improving service and developing competition the circulation of funds will be stimulated.

5. The training of financial personnel should be emphasized. Starting now, personnel training should be vigorously carried out to change the present situation of many financial cadres being ill-suited to the demands of the new situation.

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CSO: 4006/320

INDUSTRY

STEEL INDUSTRY TO EMPHASIZE QUALITY, NOT QUANTITY

OW231841 Beijing XINHUA in English 1541 GMT 23 Feb 87

[Text] Beijing, February 23 (XINHUA)--China's steel industry will shift its emphasis from quantity to quality, variety and technological advancement to ensure a sustained development in the coming years.

Raising the quality of iron and steel products to world standards is the number one task set by the Ministry of Metallurgical Industry this year, according to an article in today's English language paper CHINA DAILY.

According to a sample survey conducted by the industry last year, the acceptance rate of its products for all uses stood only at 86 percent. Without a change in this situation, the development of the industry will remain at a low level despite its increasing output, the article said.

China's steel output totalled 52.05 million tons in 1986, up 11.2 percent over 1985.

According to a plan mapped out by the ministry at the beginning of this year, 40 percent of the products manufactured by the country's major iron and steel plants and companies should reach the world level by the end of 1990.

This, in a sense, is more significant and more difficult to realize than the annual production target of 60 million tons of steel set by the ministry for the same year, the article explained.

This year the ministry has planned to manufacture 5.5 million tons of world-standard rolled steel.

It will also complete 200 production lines designed to world standards to update technology in ore dressing, smelting, rolling and packaging.

During the next three years, the Ministry of Metallurgical Industry will begin manufacturing 100 previously imported products and spread 300 others throughout the industry.

To speed up the development of China's iron and steel industry by utilizing foreign investment is an important decision made by the State Council last year.

Foreign investment, however, should be used mainly to import advanced technology and key equipment, while other construction spending should be covered by domestic investment, according to the article.

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CSO: 4020/127

INDUSTRY

ANSHAN COMPLEX PLANNING TO EXPAND

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 38-39 1 Oct 86 p 40

[Article by Feng Zao [7685 5679]: "Anshan Complex Planning To Expand"]

[Text] Anshan, China's largest steel manufacturing complex, is known as the "capital of steel." Of its 1.24 million people, more than 400,000 work for the complex. Anshan is now one of China's 20 largest cities.

Anshan began smelting iron back in the Western Han dynasty. In addition to rich deposits of iron ore nearby, this city has China's largest deposits of magnesite, amounting to a quarter of the world's reserves, plus scores of other ores such as talc, marble, manganese, copper, and borax, which enjoy a fine reputation domestically.

In recent years, technological transformation has breathed new vitality into the old Anshan enterprise, and every year, its iron, steel and steel products overfulfill planned quotas.

The Anshan complex has an annual capacity to produce 6.6 million tons of pig iron, 7.2 million tons of steel, and 5 million tons of fabricated steel products. It can smelt more than 700 types of steel, and fabricate more than 380 types of steel products to more than 6,600 specifications; 57 of its steel product types have won individual Ministry of Metallurgical Industry and provincial awards for excellent quality.

The state recently approved Anshan's new expansion plan, and is undertaking research as to the feasibility of its producing 15 million tons annually.

China's manmade satellites, the Chang Jiang Bridge, and the Gezhouba project, to name a few, all use steel products from the Anshan complex.

For the past 30 years, Anshan's local industry has also developed, forming a fairly complete network of machinery, chemical, electronics, construction material, light, and textile industries. Products including Red Flag brand tractors, steel towers for electric power cables, Plum Flower brand titanium steel bicycles, and high-quality carbon black enjoy a fine reputation in China.

Worth mentioning is the rapid development of coke gas, natural gas, and liquified gas. Gas is supplied to 174,500 households in the city, or 70.89 percent of the total, the highest of China's 20 largest cities.

Anshan's underground mineral springs are abundant, water temperature is high, water quality is excellent, and the springs are close to the surface. The daily discharge volume for just the three springs at Tanggangzi, Nijiatai, and Dong Sifangtai is 8,760 tons. Located 15 km south of Anshan is the Tanggangzi Sanitarium which utilizes mineral springs selectively in healing ailments. The sanitarium, with more than 1,600 beds, is China's largest recovery center. The quality of the mineral water produced at Anshan is also excellent.

Qianshan, located 25 km from Anshan, has been a center in the northeast for Buddhist and Taoist religions since the Sui and Tang dynasties, and now has become a tourist attraction. Qianshan has 7 monasteries, 12 Taoist temples, 9 temples, and 10 Buddhist convents. Its scenery is breathtaking, enjoying a reputation for "unusual mountain peaks, precipitous rocks, and ancient monasteries." Every holiday, more than 100,000 tourists from far and near come to visit Qianshan.

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INDUSTRY

BRIEFS

SHANGHAI ROLLING MILL COMPLETED--Shanghai, 12 January (XINHUA)--An official ceremony today in Shanghai marked the completion of No 2030 continuous cold rolling mill, manufactured jointly by Chinese and foreign factories for the Baoshan steelworks. Altogether 600 advanced workers and organizers and 32 work units which participated in the manufacture of the mill were awarded certificates of merit and prizes at the meeting which also received a message of congratulations from the State Council. A major component of the second phase of construction of the country's largest steel producer, the mill consists of 44 automatic testers, and 17 large multi-function electronic computers. With 70 percent of its parts manufactured by 117 Chinese factories and the remaining 30 percent by seven foreign plants of the Federal Republic of Germany, the United States, and Japan, the mill, which is up to international quality standards, can turn out 2.1 million tons of steel per year. [Text] [Beijing XINHUA in English 1603 GMT 12 Jan 87] /9871

CHEMICAL INDUSTRY'S TARGETS--Beijing, February 24 (XINHUA)--China's chemical industry is expected to attain a total annual output value of 55.5 billion yuan (about 13 billion U.S. dollars) in 1987, a seven percent increase over 1986. According to today's PEOPLE'S DAILY, the total output value of the industry was 51.8 billion yuan in 1986, also a seven percent growth over the previous year. Last year, the industry's export earnings totalled 800 million U.S. dollars, showing a 15 percent increase over the previous year. The industry will continue to place emphasis on developing new products and increasing production of chemical materials which are in short supply, the paper said. This year, 92 kinds of new chemical products are scheduled to be developed and production of a dozen chemical materials expanded. The paper said the industry last year started to put out 800 kinds of new products. [Text] [Beijing XINHUA in English 1037 GMT 24 Feb 87 OW] /6662

CSO: 4020/127

SMALL-SCALE ENTERPRISES

SUMMARY OF 1986 PERFORMANCE OF ANHUI'S TOWNSHIP ENTERPRISES

Hefei ANHUI RIBAO in Chinese 2 Jan 87 p 1

[Article by Li Zhefu [2621 0772 1133]: "Continued Stable Growth for Anhui's Township Enterprises; 1986 Output Value of 12.05 Billion Yuan; 19 Counties Exceed 200 Million, Dangtu County Ranks First in the Province"]

[Text] Having continued their great growth for the two previous years, Anhui's township enterprises took another great stride forward in 1986. According to statistics, their output value for the year was 12.05 billion yuan, a 41 percent increase over the previous year; industrial output value accounted for 6.58 billion yuan of this. The province's township enterprises realized profits of 1.45 billion yuan; 56 counties surpassed 100 million yuan, and 19 of these surpassed 200 million. Huaining and Tongcheng broke through the 300 million yuan mark; Dangtu County was first in the province with more than 400 million yuan.

Not only did Anhui's township enterprises continue their stable growth in 1986, but product quality improved noticeably as well. Last year, all the newly established township enterprises paid close attention to purchasing advanced equipment and training technical personnel. Most of the new projects started in Hefei, Wuhu, Bengbu and elsewhere involved joint or collaborative operation with large urban enterprises, colleges and universities, and research departments. Xiuning County, located in the mountainous region of southern Anhui, signed a 3-year technical services contract with a provincial department to train personnel from township enterprises. During the year, the province's township enterprises brought in nearly 7,000 qualified personnel through various channels and provided training for another 80,000. The province has more than 50 service-oriented township enterprises that have been adjudged provincial superior-quality service units, and 165 enterprises participate in the provincewide product quality campaign; 36 of their products have undergone preliminary examination for provincial and ministerial quality awards, and the remainder are still being evaluated. The province's township enterprises have also formulated superior-quality standards for more than 30 products that have been published by the provincial, prefectural or municipal standard measurement departments. The welding quality control team of the metal structures plant in the suburbs of Bengbu has been named "Outstanding Quality Control Team" by the provincial economic commission.

The ability of Anhui's township enterprises to meet contingencies increased in 1986; the rate of product renewal was stepped up, and a steady stream of new products emerged. Fanchang's electrical leakage protector, Wuhe's colored glass, Tianchang's firefighting water belt, Suzhou's nontoxic pesticide for grain, and Hefei's Western-style ham are all new products now on sale on the market that were developed through horizontal relationships and imported technology. According to incomplete statistics, in 1986 the products exported by Anhui's township enterprises generated 76 million yuan in foreign exchange.

Anhui's township enterprises have established a new management system adapted to the development of a commodity economy. At the end of 1985 the provincial bureau of township enterprises signed documents with the provincial planning commission and the Agricultural Bank of Anhui that focused on controlling fixed-asset investments by township enterprises. Since last year, the various financial departments and the agricultural bank have come forth with 530 million yuan in social funds, concentrating this on township enterprises to provide for 4,265 projects involving new construction and technical reorganization, in order to gain greater results from limited funds.

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CSO: 4006/320

AGRICULTURE

GUANGDONG URGES STRUGGLE AGAINST DROUGHT

HK230601 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 23 Feb 87

[Text] The provincial anti-natural disaster command recently issued an urgent circular calling on all localities to take further action to fight and guard against drought, to do a good job of spring farming without missing the season, and to strive for a bumper early rice harvest.

Most parts of Guangdong have had little rain since last August, and spring drought is already having a serious impact on the smooth progress of spring farming. The anti-natural disaster command has therefore demanded that the province concentrate manpower and material to build projects that will provide benefit in spring farming, and overhaul and maintain well the existing mechanical and electrical drainage and irrigation facilities and irrigation and water-lifting devices. The power departments should do everything possible to meet the needs of pumping water for spring farming.

It is necessary to improve the management over the use of water for spring farming in irrigation areas. Water conservancy projects that integrate drainage, irrigation, and power generation must follow the principle of subordinating power generation to providing water for irrigation.

When necessary, places seriously affected by drought can mobilize the masses to dam rivers and streams and dig wells and ponds.

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CSO: 4006/385

AGRICULTURE

GANSU GOVERNOR CALLS FOR INCREASING GRAIN OUTPUT

HK180549 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 16 Feb 87

[Text] According to a report filed by station reporters (Zhao Chunxiang) and (Yang Yongmao), in his speech delivered this afternoon at a provincial rural work conference, Provincial Governor Jia Zhijie stressed: We must achieve deeper understanding of the importance of developing grain production and ensure steady growth of our province's grain output.

Jia Zhijie noted: Our province's grain output level is low and our province has failed to achieve self-sufficiency in grain for a long time. These two issues have become restrictive factors in further readjusting the production setup in rural areas and have also become restrictive factors in the development of our food processing and feed industries. Therefore, we must stand on our own province, gradually form a structure of regional balance of grain, and lighten as far as possible the grain burden on the state. We must take two concrete steps:

First, we must solve within 3 to 4 years the problem of feeding the population, and strive by every means to enable our province's total grain output to reach 13 billion jin and to enable our province's per capita consumption of grain to reach 600 jin in the later stage of the Seventh 5-Year Plan.

Second, we must achieve a regional balance. This should be our province's unshakable strategic target of grain production.

Comrade Jia Zhijie also noted: Grain is an important and irreplaceable commodity that affects the nation's economy and the people's livelihood. Grain is different from other industrial crops and products of agriculture and animal husbandry which can be treated in complete accordance with the law of commodity production and the law of value. We must not adopt the practice of growing more on the basis of more profits, growing less on the basis of less profits, and not growing that which is unprofitable. On the basis of implementing our province's fixed preferential policies on grain production, we must energetically publicize the great importance of developing grain production, and educate the peasants to proceed from the whole situation, to produce more grain and do well in growing grain, and to make more contributions to the state. At the same time, we must allow the peasants to increase as far as possible their income from producing grain, enable

them to really benefit from producing grain, and increase their enthusiasm for producing grain. All places with proper conditions for growing grain must first do well in growing grain, pay special attention to promoting the building of the (Hexi) commodity grain base and the building of small commodity grain bases in (Hedong), and make contributions to bringing about steady growth of this province's grain output.

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CSO: 4006/385

AGRICULTURE

GUANGXI CALLS FOR GRASPING SPRING FARM WORK

HK061443 Nanning Guangxi Regional Service in Mandarin 1100 GMT 5 Feb 87

[Excerpts] Yesterday evening, the regional people's government held a telephone conference to analyze the current excellent situation in agricultural production, demanding that all areas firmly and properly grasp spring farm work in the right season. Comrades Wei Chunshu, Tao Aiyang, and Cheng Kejie participated and spoke during the conference. Comrade (He Youjia) also participated in the telephone conference.

The conference pointed out that the region's grain output is scheduled to increase 2 billion jin this year. In attaining this target, we shall meet many difficulties. But we must also see the favorable conditions:

1. A regional rural work conference was held very early. All localities have quickly carried out the spirit of the conference and know clearly the demands and tasks of this year's agricultural work.
2. All rural economic policies are stable and have become increasingly coordinated. Therefore, rural cadres and masses have set their minds at rest.
3. From the winter of last year to the spring of this year, the province well fulfilled the task of water conservation projects. According to incomplete statistics, by 10 January, the province had completed some 17,000 water conservation projects and cleaned some 38,800 km of irrigation ditches, 114 percent of the plan. The province also resumed and improved irrigation on some 1.39 million mu of land.
4. The province has made full preparations for the supply of goods for agricultural production.

In addition, the province is scheduled to grant some 600 million yuan in various agricultural loans in the 1st quarter of this year, an increase of 145 million yuan over the same period last year.

The conference stressed that the most urgent task at present is to mobilize the broad masses to properly grasp spring farm work. In view of this, the conference put forth the following suggestions:

1. We must seize the right season to carry out spring sowing immediately.
2. We must ensure fulfillment of the task for growing grain. The province is scheduled to grow grain on some 53 million mu of land, of which 22.4 million mu are for growing early rice, an increase of 830,000 mu over last year. On the basis of ensuring the fulfillment of the task for growing grain, all localities must take effective measures to upgrade the yield per area. It is necessary to handle correctly the relationship between grain and economic crops and to use as little paddy field possible to grow fruits, economic crops, or to dig fish ponds.
3. We must base ourselves on fighting natural disasters to reap a bumper harvest and properly develop production to overcome natural disasters.
4. We must properly tend crops sown last winter and harvested this spring.
5. We must strengthen leadership over spring farm work. Party and government leaders at all levels must treat spring farm work as the central task of the current rural work and firmly grasp it.

The conference pointed out that in order to carry out spring farm work properly, all prefectures, cities, and counties must seriously study the problem, make work arrangements, help the grass roots carry out spring farm work in a down-to-earth manner, and struggle for a large increase in this year's grain production and for overall growth in this year's agricultural production.

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CSO: 4006/385

AGRICULTURE

GUIZHOU SURVEY SHOWS CHANGES IN RURAL HOUSEHOLDS

HK130243 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 12 Feb 87

[Text] The departments concerned in the province recently conducted a survey of 288 rural households. The results showed that the urban and rural economic structural reforms have brought about marked changes in the production and consumption structures of rural households. In production, they are developing from simply growing grain to developing a variety of undertakings; and the level of consumption has been greatly raised. There is an increase in capital being spent on expanded reproduction.

The 288 households surveyed are scattered throughout 43 counties in 9 prefectures and cities. Of the total, 58.68 percent are engaged in growing crops, 39.45 percent are engaged in diversification, and 20 percent work in forestry, household handicrafts, the processing of agricultural products, building, transport, and so on.

The average annual incomes per household are 1,866 yuan for households engaged in growing crops, 3,731 yuan for households engaged in processing agricultural products, 4,352 yuan for households engaged in agricultural diversification, and 11,786 yuan--the highest figure--for households specializing in transport.

The survey shows that the consumption level of these households is much higher than before the contract system was introduced. Expensive goods such as television sets, washing machines, and motorcycles have started to enter the peasant households. The proportion of capital being spent on expanded reproduction has increased.

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CSO: 4006/385

AGRICULTURE

HEBEI LEADER INTERVIEWED ON AGRICULTURAL PROBLEMS

HK130303 Shijiazhuang Hebei Provincial Service in Mandarin 0000 GMT 13 Feb 87

[Excerpts] When interviewed by our station reporter yesterday, Vice Governor Zhang Runshen discussed various current problems in agriculture. He said: Due to the fact that many parts of the province have suffered late summer and autumn drought for several years in succession, the sown area of winter wheat has been reduced and the foundation for the crop is weak. This winter most parts of the province have had little precipitation, and the wheat is growing poorly. There is a greater proportion of inferior wheat sprouts compared with previous years.

Due to the serious drought, most parts of the province will have to fight drought while carrying out spring sowing this year. The people of the province must urgently mobilize and rapidly whip up an upsurge of fighting drought, ensuring spring sowing, and ensuring the summer harvest.

Zhang Runshen said: To make a success of current agricultural production, we must first seriously study the spirit of relevant CPC Central Committee and State Council documents and unify our thinking in line with them. We must enhance understanding of the importance of striving for a bumper summer grain harvest. Summer grain occupies a decisive position in the province's grain crops. If a bumper summer harvest is reaped, we can gain the initiative in agricultural production over the whole year.

At present, we must eliminate negative feelings of pessimism, fear of difficulties, and the idea that nothing can be done about the situation now. We must perceive the favorable conditions for reaping a bumper summer grain harvest.

So long as we take full advantage of the favorable conditions and do a good job in spring tending of the wheat, there are prospects for reaping a bumper summer grain harvest.

Chemical fertilizer supplies in the province this year will be somewhat better than last year, but there will still be a shortage in the first half of the year. The supply and marketing, commercial, and chemical industry departments must take steps as soon as possible to firm up sources of supply. It is also necessary to launch the masses to collect more organic manure.

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CSO: 4006/385

AGRICULTURE

HENAN RADIO URGES IMPROVING GRAIN PURCHASE SYSTEM

HK090251 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 7 Feb 87

[New Center Commentary: "Seriously Perfect the Grain Contract Purchase System"]

[Text] Instituting the grain contract purchase system helps the peasants to arrange production in line with the contract tasks and the market requirements. It helps in the rational readjustment of the production structure and in establishing the fundamental position of grain in the national economy.

Changing from state monopoly purchase to contract purchase of grain is a switch from state macro control to indirect control over grain. For quite a long time to come, the state will practice a dual system of contract purchase and market procurement. Contract purchase has a dual nature as an economic contract and a state task. It is both guiding and mandatory in nature.

Comrade Zhao Ziyang recently pointed out: To ensure that the grain-growing peasants reduce as far as possible their income from the differentials in par and negotiated prices for the grain covered by their contracts and to protect their enthusiasm for growing grain, the state will on the one hand gradually reduce each year the amount of grain purchased at par and increase the amount purchased at negotiated prices; and on the other the price of the grain covered by the contracts will be increased slightly each year. There will also be a link with supplying production materials such as chemical fertilizer and diesel fuel at par.

To gradually perfect the grain contract purchase system and to bring it onto the track of commodity economy, we must, when practicing this system, avoid firming up contract tasks by simply applying administrative measures and neglecting the economic contract aspect; and on the other hand we must not lay one-sided stress on the other aspect, exchange of equal value.

At present, all localities must do a good job in publicizing and explaining the grain contract purchase system, to enhance the understanding of the rural cadres, peasants, and grain workers regarding the significance of contract purchase. At the same time, we must put on the sound basis and

perfect the clauses of the contracts, strengthen their sense of mutual benefit, and ensure that they square with the provincial government's regulation which states that the peasants can buy at par 3 jin of diesel fuel and 6 jin of chemical fertilizer for every 100 jin of grain they deliver in their contract, and the regulation on making an advance payment of 20 percent to the peasants for the grain.

It is necessary to take proper measures to ensure that the production materials linked to the grain contracts truly get into the peasants' hands, so as to gain their confidence. It is also necessary to seriously implement the contract law and strengthen controls over contract fulfillment. We must ensure that both parties to the contract seriously implement its clauses.

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CSO: 4006/384

AGRICULTURE

HUNAN GOVERNOR ON RESTRUCTURING RURAL PRODUCTION

HK200151 Changsha Hunan Provincial Service in Mandarin 2300 GMT 19 Feb 87

[Excerpts] On the evening of 18 February, Governor Xiong Qingquan stressed at a Dongting Hu area rural work forum convened in Nanxian County that the cities and counties in this area must base their efforts on the overall situation of the national economy in providing correct guidance for readjustment of the rural production structure. At present it is necessary to take steps to reduce the overheated atmosphere for ramie, stabilize the sown areas of grain and cotton, and do a thoroughly good job in spring farming.

In mid-February, Governor Xiong Qingquan led responsible comrades of provincial departments concerned on an on-the-spot inspection of the Dongting Hu area. He discovered that some counties and townships, hit by the craze for ramie, had excessively expanded the sown area of that crop, with the result that ramie was squeezing out grain and cotton.

The Dongting Hu area is an important comprehensive agricultural commodity production base. In particular, grain and cotton production there occupies a decisive position.

Governor Xiong Qingquan pointed out at the forum that places that have expanded the ramie area to an excessive degree must not only reduce the mental temperature but also take economic remedial measures. In principle, they should levy a special tax on ramie and spend the revenue thus collected on supporting grain and cotton production. Thus the ramie should make up for the shortfalls in grain and cotton and ensure the development of their production.

On developing grain production, Governor Xiong said that the current core issue in this respect is to stabilize the sown area. On this basis, it is necessary to rely on science and technology, increase agricultural investment, develop more fields yielding 1 ton of grain per mu, and improve low-yielding land, and thus raise the yields and the total output.

Governor Xiong Qingquan also pointed out: In developing grain production, we must also further implement the relevant favored treatment policies so as to mobilize the peasants' enthusiasm. The grain contract purchase tasks must be linked to grain loans, fertilizer, and oil. Certain places where

the conditions are right can also establish grain markets. In this way, after fulfilling their purchase contracts, the peasants can increase their income by selling grain at negotiated prices.

On developing cotton production, Governor Xiong said: The current main question in cotton production is to stabilize the sown area and institute some favored treatment policies in production and sales. Grain contract purchase quotas need not be assigned to land on which cotton is grown. Favored treatment should also be practiced in fertilizer and loans. The procurement departments should revive the five-grade marking method [wu fen fa] and strictly purchase the cotton according to the regulated standards. They are not allowed to depress grades and prices.

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CSO: 4006/384

AGRICULTURE

HUNAN RADIO CALLS FOR RAISING GRAIN PRODUCTION

HK120801 Changsha Hunan Provincial Service in Mandarin 2300 GMT 11 Feb 87

[Station short commentary: "Continue To Devote Great Efforts To Raising Grain Production"]

[Text] The problem of agriculture is essentially the problem of grain. Over the past few years the province has developed grain production steadily. But the province's grain consumption increased too quickly. Whether for the immediate or long-term interests, we must, while controlling the trend of an excessive increase in grain consumption, devote great efforts to raising grain production.

To further raise grain production, we must enhance reserve strength of agriculture and increase investment in agriculture. While properly managing and using the increased funds allocated by the central and provincial authorities for agricultural investment, all localities must reasonably offer their own funds to increase agricultural investment. Meanwhile, they must educate and guide peasants to increase investment in production and construction. Only thus is it possible to lay a solid foundation for a continuous and steady increase in the grain output.

To achieve a continuous and steady increase in the province's grain output, we must also guarantee the province's grain-growing area. Without a stable grain-growing area, it is impossible to achieve a stable grain output. This is a lesson we have learned from the experiences of many years. Just as what Hengyang City did, we must continue to implement in an all-round way the policy of never relaxing grain production and actively developing diversified economy; prevent blind reduction of grain-growing area; grow grain on all land that is suitable for growing grain, and strive to scale a new height in this year's grain production.

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CSO: 4006/384

AGRICULTURE

JIANGSU GOVERNOR STRESSES COTTON PRODUCTION

OW100027 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 8 Feb 87

[Excerpts] A provincial work meeting on cotton production ended in Nanjing on 8 February. Called by the provincial government, the meeting was attended by deputy city mayors and country magistrates in charge of agriculture; responsible persons of agricultural and supply and marketing departments in all cities and counties; as well as officials from relevant provincial departments. Participants in the meeting reviewed and exchanged experience and discussed and studied measures to rehabilitate and promote cotton production in Jiangsu.

Governor Gu Xiulian addressed the closing session. She said: The economic situation has been excellent in Jiangsu in recent years. We have achieved fruitful results especially in rural reform. The central authorities' campaign to increase and practice economy this year is aimed at stabilizing grain and increasing cotton production in rural areas.

She said: Jiangsu is facing a rather acute problem in cotton production as reflected in the aggravating shortage of cotton supply. Therefore, to rehabilitate and promote cotton production is vital importance to the economic stability in the province as a whole, including the cotton producing areas.

She emphatically pointed out: First of all, it is necessary to educate cadres and ordinary people alike in the overall interests of the state and the collective and in the concept of planned market-oriented economy. They should be told, in explicit terms, that an order for grain or cotton according to contract is also a state assignment. Therefore, it is necessary to conscientiously accept state guidance in planning grain and cotton production and work hard and rely on oneself in fulfilling the cotton production plan and procurement order according to contract.

She called on agricultural, circulation, supply and marketing, industrial, foreign trade, and grain production departments to give priority to cotton production, foster a sense of urgency and responsibility, and take concerted efforts to support and promote cotton production.

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CSO: 4006/385

AGRICULTURE

SHANGHAI MAYOR ADDRESSES RURAL WORK MEETING

OW120313 Shanghai JIEFANG RIBAO in Chinese 7 Feb 87 p 1

[Excerpts] The Shanghai Municipal Rural Work Meeting opened in Songjiang County yesterday morning. The main topic at this meeting was to study seriously and understand the guidelines of the party Central Committee's documents and relevant important meetings, sum up experience, reach a common understanding, consolidate and expand the results achieved through reforms and opening to the outside world, and strive for new growth in this year's rural economy.

Mayor Jiang Zemin presided over, and made an important speech at, yesterday morning's meeting. Vice Mayor Ye Gongqi, on behalf of the municipal government, gave a work report.

In his speech, Mayor Jiang Zemin said: Leading cadres at all levels must pay full attention to the strategic position of agriculture, conscientiously grasp grain and cotton production, and do all work in suburban rural areas well. It is necessary to keep to the principle "spare no effort for grain production, actively develop a diversified economy," and make sure that grain production in Shanghai's suburbs develops stably. In addition to grasping firmly grain production, we must do the same for cotton production. In suburban rural areas it is necessary to develop actively production of farm and sideline products needed in the market, guarantee market supplies, and make new achievements in serving the people in urban areas.

After reviewing the excellent situation in suburban rural area reform, Vice Mayor Ye Gongqi pointed out: According to the guidelines of the speeches by leading comrades of the party Central Committee at the National Rural Work Meeting, the key to this year's rural economic work is to implement persistently the policy of making reforms and opening to the outside world to invigorate our economic structure and further develop human enthusiasm, and to increase investments in agriculture, including those in farm machinery and scientific research, to improve material and technical conditions. It is necessary to combine human enthusiasm with a certain material foundation, and to form a tremendous productive force.

Vice Mayor Ye Gongqi said: The major targets set in the economic plan for this year's suburbs are: Total industrial and agricultural output value to reach 20.7 billion yuan, a 15 percent increase over last year; total grain output to reach 2 million metric tons; total cotton output to reach 25,000 metric tons; total rape seed output to reach 137,500 metric tons; vegetable output to reach 1.1 million metric tons; pork-producing hogs to reach 3 million head; 15 million fowls for domestic consumption; 75,000 metric tons of fresh eggs; daily milk output to reach 1.3 million bottles by the end of the year; and 65,000 metric tons of freshwater fish.

To promote development of a community economy in rural areas, Ye Gongqi, representing the municipal government, announced 10 new policies and measures, which are: Increase investments in agriculture; appropriately solve the question of remuneration for personnel in service trade departments; support animal husbandry policy; increase rural enterprises' own accumulations, to be capable of developing stably on a long-term basis; support the economic development in water quality protection zones and scenic places for sight-seeing; increase the economic ability of urban construction; mobilize and encourage scientific and technical workers in urban areas to support agriculture in the countryside; further invigorate rural finance; help people in the suburbs develop foreign trade exports; collect and use funds well for reclaimed land, and speed up the development of resources on reclaimable seashore.

More than 900 responsible persons from the municipality's relevant departments, committees, offices, bureaus, and corporations, responsible persons of the party and government organs from all countries, townships, and towns in the suburbs, and responsible persons from state farms attended this municipal rural work meeting.

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CSO: 4006/387

AGRICULTURE

GOOD WATER MANAGEMENT STRESSED AT SHANXI SEMINAR

HK170411 Taiyuan SHANXI RIBAO in Chinese 25 Jan 87 p 2

[Speech by Qian Zhengying at the seminar on the strategy to counter the shortage of water resources in Shanxi Province--passages within slantlines published in boldface]

[Text] The Shanxi seminar on the strategy to counter the shortage of water resources will conclude today. Although it is only a 3-day seminar, it has produced good results because the provincial party committee, the provincial people's government, and the provincial water resources commission have done a great deal of work and because the ministries and commissions of the State Council have devoted much attention to it. Now I would like to talk on six problems according to the discussions at the seminar.

/1. The problem of water resources in Shanxi should be put on the agenda of the state plan./

The reason why the seminar has received much attention is that it will have an impact on the situation in Shanxi and on the construction of the country as well.

Shanxi is a major coal producing province in the country, and coal is an important fuel for the country's electric power and an important material for the chemical industry. Therefore the construction of energy and chemical industrial bases in Shanxi plays an important role in the country's four modernizations drive and has important bearings on the country's economic construction as a whole. However, Shanxi is also a semi-dry province with serious soil erosion, little rainfall, and poor water resources. The province's per capita possession of water is 573 cubic meters, 19 percent of the national per capita possession of water. The province has 241 cubic meters of water per mu, 13 percent of the country's level. During average years, the province has a total of 14 billion cubic meters of water per year. It had 6.4 billion cubic meters of water in 1972 and only 2.9 billion cubic meters of water in 1877 (the third year of the reign of Emperor Guangxu). All this has made it difficult for the people to maintain agricultural production at a normal rate. Now water resources have become an even bigger

obstacle to the large-scale construction of factories and mines. Shanxi is rich in coal resources but poor in water resources. Practice over the last 5 years since 1982 has indicated that the contradiction between supply and demand for water in Shanxi has become acute. In the two industrial cities of Tiayuan and Datong in particular, rainfall is lighter than other regions. Rainfall in Datong has registered only 393 millimeters, and its per capita water resources amount to only 268 cubic meters. But Taiyuan and Datong are the most industrialized and urbanized cities in the province. Of the 5 million urban people in the province, over 3 million are in the two cities. To maintain their industrial production and urban livelihood, the two cities have for many years exploited their underground water on a large scale, thereby forming large underground funnels. The underground water level in Datong City is 71 meters at the deepest. The spring flow in Jinci has slowed down from two cubic meters per second to 0.51 cubic meter per second, with a minimum of 0.37 cubic meters per second. The water level of the well in the Lancun water plant is lower than the designated safety standard. It dropped from 252,000 tons per day in 1981 to 213,000 tons per day in 1985. The land surface has subsided by 22.45 millimeters since 1980, 3.4 times the rate recorded 22 years ago. Regions with a subsidence rate over 100 millimeters cover 226 square kilometers, the most serious rate being at 553.5 millimeters. A serious imbalance has been witnessed in the exploitation of the underground water in Datong, with water wells increasing but water supply decreasing. Its underground water level has dropped by 2.37 meters annually since 1980, thereby bringing about a serious shortage of water supply for urban industries and making it impossible to ensure water supply for newly-built power stations. Sugar refineries have no alternative but to buy water from the peasants. It is difficult for the people in the rural areas near the city to obtain water, and the water-bearing strata in some areas are becoming porous. Water supply for the province's agriculture is also seriously affected. Because industry has an advantage over agriculture in water supply and the investment in water conservancy has been greatly reduced, 30 percent of the province projects and 40 percent of its irrigation facilities have become outmoded and have remained unrepaired for a long time. About 7 to 8 percent of water wells fall into disuse every year, and capital construction occupies a large amount of irrigated land. As a result, the area of irrigated land has been reduced by 2.5 million mu, from 19 million mu in the past to barely 17 million mu at present. Due to drought and other factors, consecutive drops have been witnessed in grain production over the last 2 years, and about 3 million people still have difficulties in obtaining adequate water.

The construction of factories and mines in Shanxi, a province that seriously lacks water, has aggravated water pollution, which has in turn worsened the shortage of water. The discharge of polluted water was 550 million cubic meters in 1980 and rose to 730 million cubic meters in 1985, 60 percent of the total amount of water diverted into the urban areas. But barely 5 percent of such polluted water was treated. About 87 percent of the rivers in the province are polluted to varying extents, and the pollution in some rivers is startling.

In the course of discussion, the experts participating in the seminar pointed out the following factors that may give rise to future crises: 1) The present calculation of average water resources is based on data dating from 1952. Although drought arose after liberation and continued for several years, it was not so serious as the 9-year drought that started in 1877 and the 16-year drought that took place in 1640 (the 13th year of Emperor Ming Chongzhen). We should have measures to counter such serious drought. 2) The underground water in the center of the basin land has now been overexploited, and this has caused a serious shortage of underground water and brought about a continuous drop in the underground water level. This will give rise to soil erosion and slow down the flow of springs. It is difficult to estimate the consequences arising from this situation. 3) The large-scale exploitation of coal mines, and the exploitation of a large number of small coal mines in particular, will damage the water-bearing structures on the middle and shallow strata. It is difficult to predict what impact this will have.

The above situation suggests that the contradiction between supply and demand for water in Shanxi has become extremely acute. If measures are not taken promptly, this will not only affect the construction of energy and heavy chemical industrial bases, but also bring about a larger crisis than the water shortage. Therefore this issue must be put on the agenda of the state plan.

/2. In carrying out the construction of industrial cities in Shanxi, water must be strictly conserved and pollution prevented, and policies and measures must be implemented in a coordinated manner./

The principle is explicit as it stands, and a great deal of work has been done over the last few years. But we should, first, reach unanimity of understanding and, second, exercise stricter management. In addition to this, limits for the use of water must be set for various trades and undertakings, old and new. I hope that the State Economic Commission will give consideration to the measures and sources of capital for carrying out industrial technical transformation in Shanxi. I hope that the provincial water resources commission and the cities concerned will work out methods for exercising economic levers including water prices and taxes on water resources. In the industrial field and urban livelihood, it is necessary to get rid of the practice of "everybody drinking from the same big pot." In matters of electric power, it has been decided that foreign equipment will be introduced to the Datong power plant. I hope that all trades and undertakings will work out technical measures for economizing on water in Shanxi.

The recycling rate of water for industrial use should be raised. In particular, it is necessary to step up our efforts to use the polluted water that has been treated. The treatment of polluted water will help alleviate the contradiction between the supply and demand for water in Shanxi. Therefore, the state plan should support it. The treatment of polluted water should be combined with the reuse of the polluted water that has been treated. Before being discharged, polluted water in factories must be treated in such a way that it meets the norms for discharge. In addition, a number of factories for treating polluted water should be built in cities lacking water including Taiyuan and Datong.

While forming a water-conservation system, it is also necessary to readjust Shanxi's industrial layout and rationally control the use of water in the hinterland.

/3. It is necessary to ensure the use of water for agriculture./

To ensure the construction of energy and heavy industrial bases in Shanxi, Shanxi's agriculture should also be developed. It is inappropriate to say that there is no need to consider developing agriculture so long as the province can make contributions to the state in industrial production. Of the 26 million people in the province, 21 million constitute the agricultural population. How to ensure and constantly improve the livelihood of these 21 million people is not for the state alone to resolve. It is not feasible to transfer a huge quantity of grain from other provinces for this agricultural population. Industrial cities also need the support of the province's agriculture. Therefore thought should be given to the coordinated development of the province's industry and agriculture. The development of agriculture should proceed in line with the construction of energy and heavy industrial bases. I am of the opinion that Shanxi's agricultural layout should be worked out according to this situation and need. Its agricultural layout should conform with the situation of water resources and the construction of water conservancy projects. In the construction and arrangement of water resources, not only should the construction of energy and heavy industrial bases be taken into account, but the situation of water resources throughout northern China should also be considered. As the entire area is lacking in water, the following points should be taken into account when developing agriculture and water conservancy in Shanxi: 1) Soil protection should be strengthened and it is necessary to grow trees in the water catchment areas. 2) It is important to grow dry crops and sum up experience in agrotechnology. 3) Irrigated land should be maintained at 17 million mu and innovations should be carried out so that this land can be turned into a high-yield base of grain and other industrial crops. In the long run, the principle of saving water in irrigation will produce good results as it tallies with the overall situation. The arrangement of irrigation should be readjusted as different areas have different needs for water. For example, in the western region of the province where the contention for water between industry and agriculture is small, the need to conserve water is small. Near industrial bases the contention for water between industry and agriculture is large, industry and agriculture should support each other. Industry and agriculture can exchange water, agriculture can give up some water sources and industry can support the technical transformation of agriculture. For example, in distributing the water resources of the Fen He and carrying out technical transformation in the Fenhe irrigated areas, the urban and rural areas should work out an overall plan so that industry and agriculture can benefit from each other. With regard to the fund for the construction of rural irrigation projects, I hope that leaders at various levels will discuss the methods to resolve it. Water supply for the people and livestock in the rural areas should be resolved as soon as possible by, of course, practical method.

/4. To put into effect the policy to counter water shorage in Shanxi, it is necessary to work out different plans for the supply and demand of water in different regions, and both immediate measures and long-term plans should first be drawn up for Taiyuan and Datong./

The appraisal and policy on the province's water resources since 1982 have been basically good. But water resources in the province are uneven, some of its plans cannot fully reflect the actual situation, and specific problems remain to be solved.

A task of top priority has fallen on Taiyuan and Datong. It will probably fall on Yantong, too. I hope that an emergency measure and plan can be worked out as soon as possible so that we can submit them to the State Planning Commission and the department concerned.

/5. In the long run, diverting water from the Huang He is a major strategic measure./

Preparatory work should be done well at present, such as working out a general plan to be implemented by stages and considering what kind of springs can be utilized.

There are differences of opinion regarding the time for construction. Generally speaking, the work of saving water and using local water resources should receive earnest attention. In our opinion, we should have a further discussion on this point after our feasibility report is approved.

/6. Strict management should be exercised over the use of water resources and funds should be collected by various means through various channels./

The provincial water resources commission has made marked achievements in its work. It has formulated the "Regulations on the Management of Water Resources in Shanxi Province." This time, it has also suggested an 8-point strategy. The remaining problem is how to implement them. We are convinced that with the help of the provincial party committee, the provincial government, and the provincial people's congress, there will be better management of water resources and better cooperation between different departments.

The main problem at present is to ensure the sources of funds. Everyone of us is most concerned about this. Funds should be collected through the common efforts of the state, enterprises, collective units, and even individuals. Individuals in the rural areas are undertaking the construction of water conservancy projects. Will the cities not try some appropriate methods? Key departments, such as the departments of electric power, coal, metallurgy, chemical industry, and urban construction, should undertake the responsibility. Taiyuan and Datong may go ahead with their plans, and the provincial government will provide the necessary programs and requirements for them through various channels.

In conclusion, I would like to emphasize the question of unity and cooperation.

This seminar is a seminar of unity and cooperation. It gives expression to the unity and cooperation between different trades, undertakings, departments, and localities. As water resources are connected with work in various fields, cooperation between various fields is quite necessary. The results of this seminar are the outcome of unity and cooperation. To put these results into effect, more effort is required. Here I would like to express my thanks to the representatives of fraternal departments. I believe that with their support further progress will be made in the work concerning water resources in Shanxi and the rest of the country. On behalf of all the comrades who have come to this seminar from other provinces, I also express my thanks to the provincial people's government, its departments concerned, and all the working personnel.

I wish various localities and units greater successes in the new year!

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CSO: 4007/392

AGRICULTURE

SHANXI HOLDS SEMINAR TO TACKLE WATER SHORTAGE

HK170151 Taiyuan SHANXI RIBAO in Chinese 25 Jan 87 p 1

[Report by Wei Xuguang (7614 2485 0342), Song Tingliang (1345 1694 0081), and Zhang He (1728 5440): "Conclusion of the Seminar on the Strategy To Counter the Shortage of Water Resources in Shanxi Province"]

[Text] The seminar on the strategy to counter the shortage of water resources in Shanxi Province concluded on the afternoon of 24 January after a 3-day session. Governor Wang Senhao presided over the seminar that afternoon and Qian Zhengying, minister of water resources and electric power, made a concluding speech.

Li Ligong, Wang Jiangong, Bai Qingcai, Huo Fan, Wang Tingdong, Guo Yuhuai, Guo Qinan, Jia Chongzhi, and Zhao Lizhi attended the seminar.

Zhang Jiafu and Luo Guibo, members of the central advisory commission, took part in the seminar on invitation.

Governor Wang Senhao made the opening speech of the seminar. Xu Sifu, deputy director of the provincial water resources commission and chief of the provincial water conservancy department, made a comprehensive report. Leaders of other departments and bureaus concerned as well as of Taiyuan and Datong Cities made speeches on special subjects. Various departments briefed the seminar on the situation of water resources in the province and aired their views on how to counter problems. On the second day of the seminar, leaders, experts, and academics from the ministries and commissions of the State Council as well as from national scientific research units and higher learning institutions including Zhang Hongren, Li Boxi, Xia Guocai, Sun Hongbing, Wei Zhaolin, Zhang Guangdou, Xie Jiaze, Liu Shanjian, and Chen Zhikai expressed valuable views on how to counter the shortage of water resources in the province. Afterward, the participants held group discussions.

Du Runsheng, director of the Rural Policy Research Center of the Secretariat of the CPC Central Committee; and Ma Hong, director general of the State Council's Economic, Technological, and Social Development Research Center,

were very much concerned about the seminar. Although they could not participate, they sent their representatives and written speeches to the seminar airing their views on how to counter the shortage of water resources in the province.

Comrade Du Runsheng said in his written speech: Efforts should be made to change the idea that regards water as a natural resource that can be provided without limits or compensation or without considering the fact that modernization requires a huge amount of water. The supply of natural water in the country is limited. Water resources in Shanxi are estimated at 570 cubic meters per person, one-fifth of the national per capita water resources. Shanxi is one of the four provinces in the country whose per capita water resources are below 600 cubic meters. The province is rich in coal resources, with a full variety of coal and good conditions for exploitation. But the shortage of water constitutes an obstacle to its coal exploitation. Many reservoirs in Shanxi were originally used to supply water for agriculture. But later on they had to be used to supply water for power stations and heavy chemical industry. In this case, underground water began to be exploited on a large scale. Contention for water between industry and agriculture, between the urban and rural areas, between coal and grain, between electricity and grain, and between mines and people as well as livestock will constitute an economic and social contradiction. Serious consequences will arise if no effective measures are taken. Shanxi's suggestions on building factories near the sources of water, on rationally readjusting industrial arrangements, on saving water, and on protecting water resources are very good. Water administration should be established as soon as possible so that unified management can be exercised over water resources. Economic levers should be introduced to the economical use of water in various trades and undertakings. A social production system of a water-saving nature should be formed. The key issue is to resolve the fund problem. Shanxi's suggestions on readjusting its investment policy and on ensuring the construction of water resources projects as well as bases for energy and heavy chemical industries should receive our attention. The construction of water-saving facilities and the projects for treating polluted water should be carried out in various ways by different units. I am in favor of the principle of rational sharing of responsibility characterized by the practice that the user of water should bear the water charges and those who pollute water should bear the water charges and those who pollute water should handle the pollution. It will not do just to rely on state investments or investments by one department. Various units should be encouraged to build water projects in a coordinated way.

Comrade Ma Hong said in his written speech that the current Shanxi seminar on the strategy to counter the shortage of water resources will explore a new way for the country in terms of management of water resources; measures and policies for saving water, suggestions on reforms, and the arrangements of plans, apart from resolving the problem of water resources and building energy bases in the province. All this will help promote the steady development and increase in the national economy. We should energetically publicize the spirit of building the country through diligence and thrift. We should not encourage the practice of high consumption, as this does not conform

with China's national conditions. The people will not ask for excessive consumption if they fully understand China's national conditions. This is also the case with the water issue. Therefore we should carry out propaganda among the Shanxi people so that they understand how to save water. Fund raising should be conducted by various means. The state as well as localities and collective units in Shanxi may also consider carrying out lateral capital accommodation with the provinces in the lower reaches.

Li Ligong and Wang Senhao also spoke at the seminar. They expressed their heartfelt thanks to the participants. On the evening the seminar concluded, Provincial Secretary General Li Yuming held a press conference at the Yingze Hotel.

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CSO: 4006/387

AGRICULTURE

SHANXI MEETING URGES GOOD JOB IN FARMWORK

HK120437 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 11 Feb 87

[Summary from poor reception] The provincial government held a telephone conference on 11 February which called on the province to do a good job in spring farming.

Vice Governor Guo Yuhuai spoke at the conference urging coordinated development of all sectors of agriculture and a rise in average peasant incomes to 360 yuan. Total grain output should reach about 8 billion kg. To attain these goals, the province should currently get a good grasp of all aspects of spring farming. Grain purchase contracts should be basically firmed up by the end of February.

The province should currently whip up an upsurge of hard work to fight drought, preserve soil moisture, and carry out spring sowing. "At present drought is seriously affecting 18 million mu of spring-sown land, and the soil moisture conditions for 8 million mu of wheat are poor. We must attach great importance to fighting drought, carrying out spring sowing, and protecting the wheat crop."

Guo Yuhuai also called for a good job of supplying materials for spring farming. "At present supplies of the plastic sheeting needed by the peasants cannot meet demand. There is also a big shortfall in supplies of the main types of chemical fertilizer which the peasants are accustomed to using. There is also some shortage of fine-strain seed for corn and sorghum." The supply departments should make every effort to solve these problems.

"With regard to the capital required for spring farming, we must attach particular importance to guiding the peasants to first use in expanded reproduction that portion of the capital allocated to consumption. We must teach the peasants to carry forward the fine tradition of arduous struggle are building the country with hard work and thrift, and guide them to increase input in production."

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CSO: 4006/387

AGRICULTURE

SICHUAN REPORTS POOR GROWTH OF SPRING-HARVESTED CROPS

HK250129 Changdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Feb 87

[Text] Our station reporter recently learned from a meeting of rural work leaders convened by the provincial party committee that the province's spring-harvested crops are being seriously affected by drought and are not growing well. Arduous efforts will be required in final-stage tending of the spring-harvested grain and oil crops to ensure a bumper harvest.

The sown area of the spring-harvested grain and oil crops is greater than last year. The area sown to fine-strain seed has also increased. The sowing foundation was better than in previous years. However, the weather has been abnormal since November, and most places have had little rain and higher temperatures than normal. The soil moisture situation is poor. Wheat aphids and rust and rapeseed aphids and diseases have appeared in varying degrees.

The temperatures in the Sichuan basin fell for a time recently. This had quite a big effect on the young wheat plants and on the flowering of rapeseed. Still greater damage was done to early-eating wheat and rapeseed.

In the face of this serious situation in spring crop production, the party and government leaders at all levels must teach the cadres and masses to establish the idea of fighting drought to reap a bumper harvest. They must work hard at protecting the crops from drought and carrying out meticulous tending, so as to reap a bumper harvest. The departments concerned must promptly supply materials required for fighting drought and tending these crops. It is necessary to mobilize the peasants to make domestic manure, to make up for the fertilizer shortage.

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CSO: 4006/385

AGRICULTURE

XINJIANG URGES PROTECTING LIVESTOCK FROM DISASTERS

HK171342 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 15 Feb 87

[Excerpts] The second regional conference on fighting natural disasters and protecting livestock, which was held on the afternoon of 14 February, urged all localities to carry continuously forward the spirit of self-reliance and hard struggle, to exert all their efforts to grasp firmly the current work of fighting natural disasters and protecting livestock, and to lay a solid foundation for reaping bumper harvests in animal husbandry for 10 years in succession.

Repeated snows since the beginning of January have aggravated the earlier serious natural disaster of a snowstorm in the region, particularly in pastoral areas in northern Xinjiang.

This is an exceptionally serious disaster seldom seen since the founding of the PRC. Some 2.9 million head of cattle in the region were hit by this disaster.

In face of the serious disaster, peasants and herdsmen of various nationalities in the region, under the leadership of local party and government authorities, have fought heroically to provide for and to help themselves. They have done their utmost to minimize the loss caused by the disaster. According to statistics by 14 February, the death rate of livestock in the region was only 0.73 percent and the number of dead livestock decreased by more than 50,000 compared with the same period last year.

The conference pointed out that the period from mid-February to mid-April is the essential period for fighting the disaster and protecting livestock in this year. All prefectures, autonomous prefectures, counties, and cities in the region must strengthen leadership over the work of fighting the disaster and protecting livestock. Leaders at all levels must go to the first line and lead the masses to overcome the disasters by relying on collective strength and by every means. Meanwhile, they must adopt effective and feasible measures to improve management of livestock, to prevent diseases, and must try every means to raise the utilization ratio of grass forage so as to let the livestock spend the spring safely. They must also do a good job in delivering lambs and breeding baby livestock. The rural areas must also

take immediate action and help pastoral areas overcome the difficulties and tide over the crisis jointly. All trades must also help pastoral areas remove worries and overcome difficulties, support the pastoral areas in carrying out the work of fighting the disaster and protecting livestock, and make contributions to winning an all-round victory in the work.

Regional Vice Chairman Yusufu Muhanmode presided over the conference and delivered a speech.

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CSO: 4006/387

AGRICULTURE

XINJIANG HOLDS MEETING ON AGRICULTURE, ANIMAL HUSBANDRY

HK181506 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 17 Feb 87

[Excerpts] According to a report filed by this station's reporter (Zhang Fuxin), the report-back meeting on agricultural and animal husbandry production, held by the autonomous regional people's government yesterday, noted: Agricultural departments, relevant offices and bureaus, and scientific research units must further straighten out their ideas of serving large-scale agriculture and serving the peasants and herdsman, arrange work around the central task of striving for reaping bumper agricultural harvests this year, which will be the 10th successive year of bumper harvests, surmount difficulties, promote work, and ensure a new great development of agricultural and animal husbandry production in our region.

According to statistics completed on 13 February, peasants in 10 prefectures of Xinjiang have accumulated over 10.4 billion kilograms of farm manure, channeled winter spring water to irrigate over 2.69 million mu of fields, and leveled over 210,000 mu of land. Over 5,000 cadres at all levels in the northern pastoral district of Xinjiang have gone right to the front line of disaster area to join herdsman of all nationalities in combating the natural disaster and protecting livestock. The masses of all nationalities in the pastoral district have handed out more than 10 million yuan to buy feed for thin and weak livestock.

The meeting noted: The key to ensuring our region's 10th successive year of bumper harvests lies in promoting the current work of making preparations for plowing and sowing and combating the natural disaster and protecting livestock. Agricultural departments and other relevant departments must truly improve their work style, go down to the grass-roots units to investigate and study, and assist all areas in solving their problems in agricultural and animal husbandry production.

Li Shoushan, deputy secretary of the Autonomous Regional Party Committee, and Yusufu Muhanmode, vice chairman of the Autonomous Regional Government, delivered speeches at the end of the meeting.

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AGRICULTURE

BRIEFS

JILIN GRAIN PRODUCTION--By 16 January, Jilin Province had overfulfilled its 1986 annual grain purchasing target. A total of 5.536 million tons of grain were purchased, exceeding the target by 36,000 tons. [Excerpt] [Changchun Jilin Provincial Service in Mandarin 2200 GMT 17 Jan 87 SK] /6662

JILIN AGRICULTURAL PRODUCTION--Jilin Province scored marked achievements in agricultural production despite natural disasters in 1986. The province's total social output value is expected to show a 9.8 percent increase over the 1985 figure. The province may realize 7.67 billion yuan of total agricultural output value, a 3.9 percent increase over the 1985 figure. [Excerpts] [Changchun Jilin Provincial Service in Mandarin 2200 GMT 27 Jan 87 SK] /6662

JIANGXI WINTER CROPS--Last year Jiangxi Province planted more winter crops than before. The total acreage of winter crops was 22.36 million mu, topping the 1985 record by 3.7 percent. Among them, 1,906,000 mu were planted to grain crops, which were 254,000 mu more than in 1985, and 4,897,000 mu cash crops, which exceeded the 1985 acreage by 782,000 mu. [Summary] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 11 Jan 87 OW] /6662

HEILONGJIANG DAIRY COWS--Heilongjiang Province has achieved a sustained and stable increase in the number of milk cows over the past 8 years, ranking first in the country. By the end of 1986 the province had more than 310,000 milk cows, a 24 percent increase over the 1985 figure. During the 8 year period, the province has shown a yearly average increase of 22.4 percent. At present, more than 70 cities and counties throughout the province have begun to raise milk cows. Of these cities and counties, seven cities and counties, including Harbin, Qiqihar, Anda, and Zhaodong have raised more than 10,000 cows. By the end of 1986, Anda City had more than 33,000 milk cows, which ranks the city first in the country. Meanwhile, the province has also paid attention to processing milk to promote the raising of milk cows. At present the province has increased the number of industrial enterprises engaging in processing milk from more than 30 in the past to more than 110 at present, and has increased its daily processing capability from 300 tons in the past to 2,000 tons at present. [Excerpts] [Harbin Heilongjiang Provincial Service in Chinese 1000 GMT 4 Feb 87 SK] /6662

HENAN FARMLAND AREA DECLINE--The phenomenon of indiscriminate occupation and use of farmland in parts of Henan Province remains serious. According to data provided by the provincial rural sample survey team, in the early post-liberation period the province's area of farmland was 123.2 million mu, but by 1985 this had declined to 105.5 million mu. This is equivalent to losing the area of a Baofeng County every year. As a result of the increased population, the area of farmland per capita in Henan has dropped from 3.07 mu to 1.55 mu. The province's farmland area declined by a further 517,000 mu in 1986, higher than the average annual figure of 510,000 mu during the previous 35 years. The departments concerned should attach great importance to this situation. [Text] [Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 19 Feb 87 HK] /6662

FUJIAN SPRING FARMING--By early February, Fujian had overfulfilled the provincial plan of sowing 29 million mu of grain. The acreage sown to spring crops is 2 million mu more than that in 1976. [Summary] [Beijing XINHUA Domestic Service in Chinese 1151 GMT 19 Feb 87 OW] /6662

LIAONING PEASANT INCOME--The per-capita income of peasants in Liaoning Province showed a remarkable increase in 1986. Data from a sample survey shows that the net income of peasants throughout the province reached 533 yuan, an increase of 65 yuan, or 14 percent higher than 1985. Deducting price increases, the increase was 5.2 percent. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 3 Feb 87 SK] /6662

LIAONING FARM MACHINERY--According to sample investigation data, the total value of farm machines throughout Liaoning Province in 1986 reached 2.15 billion yuan, a 10.8-percent increase over the 1985 figure and a 51.4-percent increase over the 1980 figure. Their total motive power reached more than 12 million horsepower, a 7.2-percent increase over the 1985 figure and a 5.7-percent increase over the 1980 figure. The province's total incomes earned by using farm machinery reached 1.61 billion yuan, a 15.1-percent increase over the 1985 figure. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 11 Feb 87 SK] /6662

QINGHAI GRAIN PRODUCTION--A sample survey conducted by the provincial urban and rural sample survey team on more than 1,000 peasant households in 14 counties shows that the situation of arable land reducing year by year has improved and peasants are becoming more enthusiastic to sow grain and have selectively sown some economic crops that yield high output and good economic results. The arable land area for the 1,000 peasant households this year is some 21,240 mu, 26 mu more than last year. Their grain-growing area this year increased 285 mu over last year's, the area for growing highland barley and broad beans increased by a wide margin. The area for growing oil crops increased steadily, with a slight rise this year over last. The area for growing other economic crops such as castor beans, which yield low output and poor economic results, decreased by a wide margin. The area for growing vegetables, green forage, green manure, and fruits increased 3.7 percent over last year's. [Text] [Xining Qinghai Provincial Service in Mandarin 2300 GMT 15 Feb 87 HK] /6662

HEBEI PEASANT INCOME--According to a sample survey, the income of the peasants in Hebei Province increased sustainedly and steadily in 1986. The per-capita net income of the peasants in 1986 averaged 407.6 yuan, an increase of 5.8 percent over that of 1985. [Excerpt] [Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 6 Feb 87 SK] /6662

ANHUI PEASANT INCOME--In 1986, the per capita net income of peasants in Anhui Province was 396.53 yuan, an increase of 11.3 percent over 1985. Peasant households with a net income of less than 200 yuan dropped from 8.9 percent in 1985 to 6.7 percent. Peasant households with an income of more than 500 yuan increased from 13.6 percent in 1985 to 23.7 percent. [Excerpts] [Hefei ANHUI RIBAO in Chinese 29 Jan 87 p 1]

HEBEI AQUATIC OUTPUT--The gross output of aquatic products in 1986 was 146,000 tons, a 15 percent increase over 1985. The average per mu yield of the 130,000 mu for shrimp breeding was 85 kilograms, an increase of nearly 40 percent over 1985. [Excerpt] [Shijiazhuang HEBEI RIBAO in Chinese 25 Jan 87 p 1]

STATE FARM OUTPUT--In 1986, the gross industrial and agricultural output value of the state farm and reclamation system was 18.546 billion yuan, fulfilling 103 percent of the annual plan, and a 10.8 percent increase over 1985; profits were 890 million yuan. The gross output of grain and soybeans of state farms was 7,879,000 tons, a 12.8 percent increase over 1985. The output value of agriculture was 8.682 billion yuan, an 11 percent increase over 1985. [Excerpts] [Beijing RENMIN RIBAO in Chinese 23 Jan 87 p 2]

HEBEI CROP COMPOSITION--Based on a provincial survey of 2,860 households in 65 counties the area sown to grain this year will be 33,906 mu, a 2.24 percent decrease over 1986, the gross output of grain will be 12,610,000 jin, an 8 percent increase; the area sown to cotton will be 2,762 mu, a 6.23 increase; the area sown to oil crops will be 3,908 mu, a 16.37 percent increase. [Excerpts] [Beijing NONGMIN RIBAO in Chinese 7 Feb 87 p 2]

SHAANXI FERTILIZER SHORTAGE--As of the end of 1986, Shaanxi Province had only 250,000 tons of chemical fertilizer in storage, a decrease of 420,000 tons over 1985. It is estimated that the province will need 2,200,000 tons of chemical fertilizer in 1987. The province will produce 1,450,000 tons, the state has allocated 300,000 tons, and 250,000 tons are in storage. [Excerpts] [Beijing NONGMIN RIBAO in Chinese 27 Jan 87 p 2]

JILIN CORN EXPORTS--In 1986, the gross output of grain in corn export bases in Jilin Province was 9,740,000 tons, a 25 percent increase over 1985. Since the beginning of 1987, 4,150,000 tons of grain had been procured, and 2,500,000 tons of corn had been exported. [Excerpts] [Beijing NONGJIN RIBAO in Chinese 3 Feb 87 p 1]

ANHUI AFFORESTATION--In 1986, Anhui Province afforested 300,000 mu, surpassing the annual plan by 0.3 percent, and a 9.1 percent increase over 1985. [Excerpt] [Hefei ANHUI RIBAO in Chinese 3 Feb 87 p 1]

ANHUI BEER PRODUCTION--In 1986, Anhui Province produced 75,000 tons of beer. [Excerpt] [Hefei ANHUI RIBAO in Chinese 4 Feb 87 p 1]

ANHUI SPRING PLOWING--At present, the area sown to summer grain in Anhui Province is 32,600,000 mu, an increase of 1,280,000 mu over 1986. The area sown to oil crops is 14 million mu, an increase of 2,400,000 mu over 1986. [Excerpt] [Hefei ANHUI RIBAO in Chinese 5 Feb 87 p 1]

HENAN SUGAR SALES--According to provincial statistics, Henan sold more than 310,000 tons of sugar in 1986, surpassing the annual plan by 32.74 percent. More than 110,000 tons of sugar were sold to rural areas, accounting for 36.45 percent of the sales; more than 80,000 tons were sold for industrial use, accounting for 25.98 percent of the sales; more than 1,000 tons were sold to the food industry, accounting for 0.59 percent of the sales; sales to urban areas accounted for 36.98 percent. [Excerpt] [Beijing ZHONGGUO SHANGYE BAO in Chinese 19 Feb 87 p 3]

ANHUI GRAIN OUTPUT--Hefei, 18 Feb (XINHUA)--Anhui Province's grain output reached 22.5 billion kg in 1986, setting an all-time high record. Total grain output of Luan, Shouxian, Changfeng, Tianchang, Fengyang, Lujiang, Huoqiu, and Feixi Counties, the 9 marketable grain bases of Anhui, reached 4.4 billion kg. Rapid progress in grain production invigorated all lines of trade in rural areas in 1986. Total output value of village and town enterprises topped 1985 by 41 percent. Per capita income of peasants was 40 yuan more than in 1985. [Excerpts] [Beijing XINHUA Domestic Service in Chinese 0157 GMT 18 Feb 87 OW] /6662

HENAN GRAIN PRICES--Because of severe natural disasters in 1986, grain prices in Henan Province have increased. In January, the average price of grain was 0.692 yuan per kilogram, a 32.06 percent increase over the same period in 1986. According to statistics from markets in Zhengzhou, Kaifeng, and Luoyang, the average price of wheat was 0.614 yuan per kilogram, 0.498 yuan for corn, 0.945 yuan for soybeans, 0.495 yuan for sweet potatoes, increases of 23.79 percent, 42.29 percent, 23.69 percent, and 79.35 percent respectively over the same period in 1986. In addition, the prices of sesame, peanuts, and other oil products have increased more than 6 percent over 1986. The price of sesame was 1.75 yuan per kilogram, and 1.1113 yuan for peanuts. [Excerpts] [Beijing NONGJIN RIBAO in Chinese 17 Feb 87 p 2]

CONSTRUCTION

BRIEFS

TIANJIN HOUSING--Beijing, 30 December (XINHUA)--Tianjin has built new houses covering a floor area of 3 million square meters for its residents this year, today's GUANGMING DAILY reported. New houses with a total floor space of 20 million square meters have been constructed in the past 6 years, 50 percent more than all the houses in Tianjin before 1949. At the same time, 2,700 old houses in dangerous or poor condition have been renovated. Tianjin has improved the environment by painting old buildings set up in the 1960's in bright colors, varying the styles of enclosing walls, and building small gardens. [Text] [Beijing XINHUA in English 1219 GMT 30 Dec 86 OW] /9871

CSO: 4020/123

TRANSPORTATION

ESTABLISH SOUND, COMPREHENSIVE TRANSPORTATION NETWORK

Beijing LIAOWANG [OUTLOOK] OVERSEAS EDITION in Chinese 13 Oct 86 p 12

[Article by Yang Lincun [2799 2651 2625]: "An Example of a Technology Policy-- Establish a Sound, Comprehensive Transportation Network"]

[Text] Transportation is one of the key links to the overall situation in China's economic construction; it was strongly emphasized during this round of drafting policies. Transportation technology policies encompass a total of 13 items, their guiding principle being the restructuring of transportation to establish an economically solid, multimodal transportation system coordinated in its development.

For a long time, China has not had a sound transportation structure, reflected mainly in overburdened railroads, highways, marine, air, pipeline, and other types of transport which have not been put to optimum utilization. Some short-haul passengers and freight, medium-haul top-grade commodities and fresh produce, fish and livestock, refined petroleum which could be piped, and even bulk cargo suitable for shipment over water are all piled up alongside the railroads. As a result, the railroad occupies a ratio of 60 percent and 67 percent, respectively, of the nation's passenger and freight turnover, more than double that of developed countries. This makes it difficult for the railroad to give play to its advantages as a medium and long hauler of passengers and freight, and restricts the development of other modes of transportation. Nationwide, there are now only 900,000 km of railroads; highway mileage per 10,000 sq km of territory is less than one-fifth of India's; and navigable inland waterway distances have shrunk from 410,000 km in 1957 to 100,000 km today, severely limiting the economic results and social benefits of the whole transportation system.

Based on national conditions and the technical and economic nature of each mode of transportation, technology policies for transportation have clearly set forth appropriate boundaries of utilization and solid models of transportation structures. The key points are:

--Railroads will mainly be responsible for medium- and long-haul bulk cargo and passenger transport.

--Highways will mainly be responsible for short- and medium-haul freight and passenger transport. They will be used for the transport of high-end and parcel commodities up to a distance of 200 km, and for the transport of fresh produce, fish, and livestock up to a distance of 1,000 km.

--Waterways will be used for transporting whatever is suitable for shipment over water when time permits.

--Civil aviation is best utilized for transporting passengers between large and medium cities over 1,000 km apart.

--Pipelines must be developed. China produces 60 million tons of refined petroleum per year, yet less than 10 percent is shipped through pipelines, with railroads handling more than half the volume.

To form a modern, comprehensive transport system, transportation technology policies also propose to:

1. Actively develop a variety of combined transport modes such as land-sea, rail-highway, river-ocean, mainstream-tributary direct (marine transport), and air-land. Break up the individual network setups of each mode of transport and form a comprehensive network.

2. Gradually develop container transport, which can greatly enhance economic results and form a comprehensive transport "belt."

3. Tighten management and dispatch, and improve service in various transportation modes. Actively adopt computerization and other modern methods of operation.

4. Gradually transform current modes of transportation and equipment.

Based on the principle of restructuring to establish a comprehensive transportation network, the key points present detailed provisions covering problems in the direction of development of various transport modes, in emphasis of technical transformation, and in energy transport, bulk cargo transport, and urban and rural transport.

As the key points were being formulated, experts broached numerous suggestions, some of which were adopted by relevant departments. For example, over the past 2 years, highway, air, and water transport have developed fairly rapidly, absorbing part of the short hauls, long-distance passenger transport, and goods and staples suitable for marine shipment that have been handled by the railroad. In 1985, rail passenger volume declined for the first time, and the average distance passengers traveled increased to 218 km from 151 km 5 years ago, and the average distance for rail cargo shipments increased 622 km. Over the past 5 years, civil aviation turnover has trebled; freight volume along the north-south coastal routes has increased 50 percent, etc. Key point policies concerning technological transformation, such as overhauling old routes, lengthening station platforms, improving locomotive power and so on are now being carried out.

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TRANSPORTATION

'NEWS ANALYSIS' VIEWS REFORM OF AIR SERVICE

OW211236 Beijing XINHUA in English 1143 GMT 21 Feb 87

["News Analysis: Reform To Improve China's Air Service"--XINHUA headline]

[Text] Beijing, February 21 (XINHUA)--China announced a plan to reform the country's civil aviation system, in a bid to break up the monopoly controlled by the Civil Aviation Administration of China (CAAC).

According to the plan, CAAC will break its governmental ties, and six national airline companies will be set up to compete with the 17 domestic airlines already established.

"The reform will push China's air service to a new stage of competition and development, and the change in the country's civil aviation management is indeed something to be welcomed," according to a CAAC official.

For passengers, the founding of 23 airlines allows them to choose one which provides good service and safety, and "fare wars," which are likely to occur, will also give customers more choice.

The days of long lines and no tickets because of inadequate service will be gone, and the reform is also expected to help local airlines expand business because they will hold an equal position as CAAC.

"We have waited for this chance for a long time," said an official of China United Airlines, largest of the 17 local airline companies, "and now we can fly higher and further."

All airports, previously belonging to CAAC, will be opened to local airlines. "Now we can fly as high as CAAC," an official of the Shanghai Aviation Company said.

Takeshi Lida, regional manager of Japan Airlines, said, "The shift from government-owned to non-governmental companies in China's domestic air service is a new trend."

Over the past 30 years, CAAC, China's national carrier, has contributed to the country's civil air service and has expanded with national economic development.

China now boasts 288 domestic and international air routes linking 100 cities in China and abroad, but the industry is suffering from poor management and service.

"The reform will encourage the six national airlines to provide better service through competition, and turn over a new leaf in China's history of civil aviation," analysts said.

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TRANSPORTATION

BRIEFS

ROAD TRANSPORT LINES, NETWORK--Beijing, Feb 19 (XINHUA)--China has opened up over 3,000 regular road transport lines, of which over 50 interprovincial lines each covers a distance of more than 1,000 km, according to the overseas edition of the PEOPLE'S DAILY today. Special institutions throughout the country have been set up to solve problems in interprovincial transportation. Specialists say that China's road transport sector will make a big leap forward during the last four years of the Seventh Five-Year Plan (1986-1990). [Text] [Beijing XINHUA in English 0928 GMT 19 Feb 87 OW] /6662

SHIPBREAKING INDUSTRY LEADS WORLD--Beijing, February 18 (XINHUA)--After the industry's rapid development, China has become the world's leader in ship-breaking. Li Jizhang, general manager of the China National Shipbreaking Corporation, said today, "1986 saw a 40-percent increase in shipbreaking over last year." She added, "The industry recovered 92 ships each with dwt over 10,000, 19 ships over 20,000 dwt and eight ships over 30,000 dwt." Most of the vessels, including ore boats, bulk carriers and oil tankers, were purchased on the international market. China breaks up abandoned and salvaged ships to supplement the country's iron and steel shortage. China's ship-breaking industry now employs 40,000 workers in 120 factories in Dalian, Qinhuangdao, Qingdao, Lianyungang, Yantai, Fuzhou, Guangzhou, Shanghai, Tianjin and Xiamen. [Text] [Beijing XINHUA in English 1122 GMT 18 Feb 87 OW] /6662

COMPETITION AIR ROUTES TO OPEN--Beijing, February 17 (XINHUA)--China United Airlines will open 15 new air routes this year in a bid to break the monopoly long held by CAAC, China's national flag carrier. China United Airlines is the largest of the 17 domestic companies, and will introduce charter flights for foreign visitors and business people using "Challenger" 9- or 16-seat luxury jetliners this year. Hong Wenkui, deputy general manager of China United Airlines, told XINHUA today his company will open eight domestic air routes this spring including flights from Beijing to Nantong, a coastal open city, and to northeast China's industrial city, Anshan. Other routes to be opened later in the year include Beijing-Foshan-Guilin, Wuxi-Suzhou-Foshan, Nanjing-Foshan, Fuzhou-Foshan, Xian-Foshan and Xian-Beijing. By the end of this year, the company's total routes will increase from the current 12 to 27. Last year the airline carried more than 100,000 passengers, most of them being tourists from foreign countries, Hong Kong and Macao. [Text] [Beijing XINHUA in English 0718 GMT 17 Feb 87 OW] /6662

TRANSPORT, COMMUNICATIONS GAINS--Beijing, Feb 23 (XINHUA)--In 1986, China's transportation departments handled more cargo and passengers than ever before, today's ECONOMIC DAILY reported. According to the report, the amount of cargo and the distance it was transported totalled 1,817 billion ton-kilometers, an increase of 9 percent. More passengers also travelled further, showing a total of 457 billion passenger-kilometers, up 6.8 percent over 1985. The business turnover of China's post and telecommunications departments totalled 3.3 billion yuan (892 million U.S. dollars), registering a 10.8 percent increase over the previous year. At the end of last year, China had 2.5 million urban telephone subscribers, 310,000 more than in 1985, according to the report. [Text] [Beijing XINHUA in English 0254 GMT 23 Feb 87 OW] /6662

RAILROAD, PORT PROJECTS BIDDING OPENED--Beijing, Feb 20 (XINHUA)--One Hundred and eleven firms from 17 countries and region have bidden for China's railway and port projects, according to the International Tendering Company of the China National Technical Import Corporation here today. At a bid-opening ceremony held here, a company official said that the bidders are from China, Japan, France, Britain, Italy, the Philippines, Hong Kong and Macao. In accordance with the loan agreements concluded between the Chinese Ministry of Foreign Economic Relations and Trade and Overseas Economic Corporation Fund of Japan, the company has been authorized to use a loan equivalent to 66.55 million U.S. dollars provided by Japan to buy machinery and equipment and other materials like steel, timber, electric cable and wires for the four projects--the Hengyang-Guangzhou railway, Zhengzhou-Baoji railway electrification and Qinhuangdao port C and D berths, and the Lianyungang port expansion. Chinese bidders account for 40 percent, the official said. And there are almost equal numbers of Japanese bidders including Mitsubishi Corp., Mitsui and Co., Ltd. and Marubeni Corporation. Evaluation of the bidding proposals will start soon and contracts are expected to be awarded in May, according to Fan Xuean, deputy general manager of the tendering company. [Text] [Beijing XINHUA in English 1922 GMT 21 Feb 87 OW] /6662

PORTS TO IMPROVE SERVICE--Beijing, Feb 22 (XINHUA)--An emulation drive will be launched among the Chinese land, air and sea ports for better service and higher efficiency, according to a decision passed at a meeting here today. Attending the three-day meeting were more than 200 officials in charge of foreign economic relations, transportation, customs and frontier inspection stations from 114 ports. The decision calls on all ports to eliminate bureaucracy, and dilatory work style so as to make passengers happy and goods flow smoothly. The decision urges all ports to work out their own professional ethical codes to eliminate the malpractices of abusing their power for personal gain, making unreasonable demands or extorting extra money. The decisions also calls for a better order in the ports and eliminating of gambling, prostitution, smuggling and spreading of indecent videotapes and publications. [Text] [Beijing XINHUA in English 1614 GMT 22 Feb 87 OW] /6662

DEVELOPMENT OF LOCOMOTIVE INDUSTRY--Beijing, Feb 19 (XINHUA)--China's Ministry of Railways has imported six major technological projects to accelerate and renovate the country's locomotive-making industry, the PEOPLE'S DAILY reported today. "After all the new techniques are in operation," the paper

said, "China's locomotive-making industry will truly enter the 1980's," the paper said. The six projects include technology to produce key parts for electric and diesel locomotives, mechanical refrigeration cars, car couplers, and buffer rams and brakes for heavy-loading cars, the paper said. The ministry has also introduced British technology in the production of passenger carriages and is revamping the Changchun passenger carriage factory, the paper said. American technology introduced in diesel-engine production will enable China's domestically-produced "Dongfeng 4" diesel locomotives to increase power from 3,300 to 4,000 horsepower and travel at a speed of 118 kilometers per hour, the paper said. [Text] [Beijing XINHUA in English 0706 GMT 19 Feb 87 OW] /6662

QUANGXI TRACK LAYING COMPLETED--Nanning, 15 December (XINHUA)--Track laying of a new railway line in the economically underdeveloped Guangxi Zhuang autonomous region was completed today, linking the regional capital, Nanning, with Fangzheng Port on the Beibu Gulf. The new 172-km line will be able to transport 6.6 million tons of cargo annually in the next few years, and is expected to carry 17.5 million tons in the future. Fangzheng Port is the third-biggest seaport in south China. When its seven berths, each capable of accommodating 10,000 dwt ships go into operation, the new railway line will play an important role in developing Guangxi's foreign trade. [Text] [Beijing XINHUA in English 1501 GMT 15 Dec 86] /9871

DALIAN PORT EXCEEDS TARGET--Dalian, 16 December (XINHUA)--Dalian, one of China's leading foreign trade ports, handled 42 million tons of goods this year, 15 days ahead of the state quota, a port official said today. Dalian, northeast China's major port, is expected to handle a record 44 million tons by the end of the year--two million tons more than the figure for last year--according to a port dispatcher. The port has received 7,000 Chinese and foreign ships ranging from 30,000 dwt to 150,000 dwt so far this year--300 more than last year. Previously, ships had to wait up to two months before unloading. Now the time has been shortened to 5.9 days, with specially streamlined unloading procedures for goods badly needed. The dispatcher attributed this to the completion of four new deepwater wharves, simplified checking formalities, and speeded-up goods transportation. [Text] [Beijing XINHUA in English 1541 GMT 16 Dec 86] /9871

SHANDONG'S QINGDAO PORT--Qingdao, 30 December (XINHUA)--Qingdao Port in Shandong Province has handled 28 million tons of goods so far this year, 1 million tons more than the planned annual quota. This figure is an all-time high for Qingdao Port, the fourth largest foreign trade port in China, according to port officials. [Text] [Beijing XINHUA in English 0856 GMT 30 Dec 86 OW] /9871

NEW ANHUI RAILWAY--Hefei, 25 December (XINHUA)--A new 127-km railway linking Fuyang and Huainan cities, both in east China's Anhui Province, passed a state appraisal test today. The railway has been in trial operation for more than 2 years, according to a local official. It shifts coal from Huainan and Huaibei cities, two leading coal producers in Anhui, to other parts of the country. The railway also helps alleviate pressure on the Beijing-Shanghai railway, a trunk line in east China, the official said. [Text] [Beijing XINHUA in English 1245 GMT 25 Dec 86 OW] /9871

PRC MEDIA ON FOREIGN ECONOMIES

PRC JOURNAL COMMENTS ON GORBACHEV REFORMS

OWL71311 Tokyo ASAHI SHIMBUN in Japanese 17 Feb 87 Morning Edition p 7

[Article by correspondent Kato]

[Text] Beijing, 16 February--QUOJI WENBI YANJIU [Kokusai Mondai Kenkyu 0948 7139 0795 7344 4282 4496--International Studies], an organ of the International Studies Center of China, carried in its first quarterly issue its first analytical article on the "new strategy in socio-economic development" being carried out by Soviet General Secretary Gorbachev in a series of reforms. The first quarterly issue was put on sale today.

The article notes that the Gorbachev reforms "contain elements that are different from those in conventional reforms," and positively appraises them as "breaking with traditional ideas" in all areas of the economy, the political system, and society.

The institute is an agency directly under the Foreign Ministry, and its view merits attention as reflecting China's official stand to a certain extent.

The seven-page-long article, entitled "New Strategy for the Socio-Economic Development of the Soviet Union", points to a "different element" in the Gorbachev reforms in that, whereas the four reform movements carried out earlier since the 1950's were not clearly defined as "reforms", General Secretary Gorbachev from the outset describes his reforms as "drastic, total reforms."

The article also cites the general secretary's remarks that "reforms and revolutions are identical" and that "reforms are genuine revolutions."

It points out that the current reforms are "comprehensive ones," encompassing not only the economy but also social relations, the political system, ideology, and diplomatic strategy.

In the economic sector, it notes that the Soviet reforms resemble the Chinese reforms in that autonomous enterprise rights are expanded and direct orders by the State are reduced. It then says that the approval of private businesses in commerce and the service industries, and the introduction in agriculture of a contract system for farm household units are "a break with traditional taboos."

Recently, Chinese media have been increasingly reporting on trends in Soviet reforms, but they have mostly carried factual reports or introduced reactions from East European and other countries without any full-scale comment.

PRC MEDIA ON FOREIGN ECONOMIES

SRV ALLOWING REFORMS FORMERLY TERMED 'CAPITALIST'

OW221520 Beijing XINHUA in English 1454 GMT 22 Feb 87

["Private Sideline Production Allowed in Hanoi"--XINHUA headline]

[Text] Hanoi, 22 February (XINHUA)--The municipal government of Hanoi today published a decree allowing private sideline production by workers and staff members of state-run enterprises in their spare time, such as raising livestock and processing food.

The decree serves as an official acceptance of a fait accompli under the present economic circumstances. Long before its announcement, people in public enterprises and government functionaries had been taking family products such as eggs and vegetables to free markets for extra income.

By selling 40 eggs at the price of 12 dong (0.15 U.S. dollars) each in the free market, one can get as much as one month's wage of an ordinary worker.

The new decree allows individuals to engage in various small industries, handicrafts, and services, except those involving tobacco and alcohol.

According to the decree, private industries will be exempt from taxation in the first year and producers can fix the prices of their products and sell them freely.

Municipal authorities promise private industries some privileges in obtaining fuel, raw materials and electricity, and for export-oriented products producers can deduct a percentage of foreign currency income. It is said that in many other cities of Vietnam similar measures have been adopted to encourage private production.

Vietnam has publicly admitted the nation is facing many economic difficulties, including the unemployment of several million people out of its 60-million population.

Westerners here believe that under the present economic plight, Hanoi has to loosen certain economic restrictions and adopt some measures which it used to label as "capitalist".

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PRC MEDIA ON FOREIGN ECONOMIES

BRIEFS

LAOS GRAIN OUTPUT REPORTED--Hanoi, 18 January (XINHUA)--Laos increased its per capita grain output to 400 kilograms in 1986, up 20 kgs from the previous year. Statistics from the Lao Agricultural Ministry said rice output in 1986 totaled a record 1.42 million tons, five percent more than 1985, the Southeast Asian country's official news agency said. The news agency attributed the record to Laos' new responsibility system which increased production last year despite severe drought in many parts of the country. Laos had good harvests of coffee, peanuts, sesame, and other cash crops last year, the news agency added. [Text] [Beijing XINHUA in English 1304 GMT 18 Jan 87] /9871

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